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F. W. WOOLWORTH CO

NEW YORK

REPORT FOR THIRTEENTH YEAR

1924

THE LIBRARY OF THE
MAR 28 1935
UNIVERSITY OF

F. W. WOOL

GENERAL BALANCE SHEET

ASSETS:

Property (Book Values):		
Real Estate and Buildings Owned	$12,894,110.57	
Less Reserve for depreciation	475,831.34	$12,418,279.23
Buildings owned on leased ground to be amortized over periods of leases	4,379,082.09	
Less amount charged off during year 1924	79,518.46	4,299,563.63
Furniture and Fixtures	18,793,859.03	
Less Reserve for depreciation	5,047,138.11	13,746,720.92
Good-Will	50,000,000.00	
Less amounts charged to Surplus		
1922 — 20,000,000.00		
1923 — 10,000,000.00		
1924 — 10,000,000.00	40,000,000.00	10,000,000.00
Securities Owned		1,067,539.80
Mortgages Receivable		106,250.00
Current Assets including Inventory:		
Merchandise Inventories at cost	24,549,751.56	
Merchandise in transit at cost	828,257.34	
	$25,378,008.90	
Cash on Deposit and on Hand	8,015,800.24	
Accounts Receivable	839,355.41	
Advance Payments on Imports	587,538.44	
Net advances to Foreign Branches	143,926.92	34,964,629.91
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $1,312,624.36 during the year 1924	14,496,717.30	
Store and office Supplies, Insurance, etc.	1,323,157.63	15,819,874.93
		$92,422,858.42

We certify that the foregoing General Balance Sheet is a true Exhibit of the accounts of the F. W. WOOLWORTH CO. and in our opinion correctly sets forth the financial condition of the Company as of December 31, 1924.

THE AUDIT COMPANY OF NEW YORK

A. W. Dunning, *President.*

H. I. Lundquist, *Secretary.*

New York,
January 23, 1925.

338.7
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1924-52

ORTH CO.

OF DECEMBER 31st, 1924

CAPITAL AND LIABILITIES:★

Capital Stock—Authorized and Issued:			
Common:			
4,000,000	Shares, par value $25.00 each	$100,000,000.00	
1,400,000	Shares Unissued	35,000,000.00	
2,600,000	Shares Outstanding..		$65,000,000.00
Purchase Money Mortgages on Real Estate purchased			3,302,570.60
Current Liabilities:			
Accounts Payable, Interest, etc.			689,361.05
Reserves:			
For Federal and State Taxes, Contingencies, etc.		6,500,000.00	
For Employees Disability Benefit Fund		100,000.00	6,600,000.00
Surplus:			
Balance January 1, 1924		13,161,529.47	
Net Income for year ending December 31, 1924		20,669,397.30	
		33,830,926.77	
Deduct:			
Dividends on Common Capital Stock: $8.00 per share per annum, par value $100. for two quarters ending June 1.	$ 2,600,000.00		
$3.00 per share per annum, par value $25. for two quarters ending Dec. 1.	3,900,000.00		
	$6,500,000.00		
Additional Reserve for protested taxes	500,000.00		
Reduction of Good-Will	10,000,000.00	17,000,000.00	
Balance of Surplus, December 31st, 1924			16,830,926.77
			$92,422,858.42

★ Exclusive of contingent liability of $10,950,000.00 as guarantor of obligations of Woolco Realty Corporation owner of the Woolworth Building and protected by the value of said building largely exceeding the obligations.

Note: Par value per share of Common Stock changed from $100. to $25. as of May 28th, 1924. Four shares of new stock being issued in exchange for each one share of old stock.

	Net Earnings on Sales	Net earnings on	Par value	Common Stock per share
1912	8.94%		$100.	$ 8.73
1913	9.76%		100.	$10.82
1914	9.23%		100.	$10.87
1915	9.93%		100.	$13.19
1916	10.01%		100.	$15.57
1917	9.43%		100.	$16.72
1918	5.46%		100.	$ 9.96
1919	7.89%		100.	$17.11
1920	7.01%		100.	$13.87
1921	9.34%		100.	$20.04
1922	10.95%		100.	$27.11
1923	10.70%		100.	$31.84
1924	9.59%		25.	$ 7.95

H. T. Parson, President **B. D. Miller, Treasurer**

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
E. P. CHARLTON.....VICE-PRESIDENT
J. F. NUTTING.....VICE-PRESIDENT
B. D. MILLER.....VICE PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

DIRECTORS

C. S WOOLWORTH.....SCRANTON, PA
H. T. PARSON.....NEW YORK, N. Y.
F. M. KIRBY.....WILKES-BARRE, PA.
E. P. CHARLTON.....FALL RIVER, MASS.
J. F. NUTTING.....NEW YORK, N. Y.
B. D. MILLER.....NEW YORK, N. Y.
R. L. CREIGHTON.....SUPERVISOR OF MERCHANDISE
R. H. STRONGMAN.....EXECUTIVE OFFICE REPRESENTATIVE
F. J. WECKESSER.....WILKES BARRE, PA.
HELENA WOOLWORTH McCANN.....NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE.....NEW YORK, N. Y.
WALTER P. COOKE.....ATTORNEY
EDWARD CORNELL.....ATTORNEY
PHILIP LEHMAN.....BANKER
ARTHUR SACHS.....BANKER
J. B. HOLLIS.....MANAGER, BOSTON DISTRICT
C. E. CLIFT.....MANAGER, WILKES-BARRE DISTRICT
L. J. SURDAM.....MANAGER, BUFFALO DISTRICT
W. J. RAND, JR.....MANAGER, CHICAGO DISTRICT
C. E. MICKLER.....MANAGER, MINNEAPOLIS DISTRICT
W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
H. E. O'NEIL.....MANAGER, DENVER DISTRICT
R. W. WEBER.....MANAGER, SAN FRANCISCO DISTRICT
RALPH CONNABLE.....MANAGER, TORONTO DISTRICT

MAR 2 1935
UNIVERSITY OF ILLINOIS

NUMBER OF STORES AND SALES

		Number of Stores	Sales for Year
Jan. 1,	1912	596	.....
Dec. 31,	1912	631	$60,557,767
" "	1913	684	$66,228,072
" "	1914	737	$69,619,669
" "	1915	805	$75,995,774
" "	1916	920	$87,089,270
" "	1917	1000	$98,102,857
" "	1918	1039	$107,179,411
" "	1919	1081	$119,496,107
" "	1920	1111	$140,918,981
" "	1921	1137	$147,654,647
" "	1922	1176	$167,319,265
" "	1923	1260	$193,447,010
" "	1924	1356	$215,501,187

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F. W. WOOLWORTH CO.

NEW YORK

REPORT FOR TENTH YEAR

1921

A.B. A.J.R. A.D.S. E.S.B. M.F.F. N.K.T. J.W.S. W.I.F. C.T.
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F. W. WOOL

GENERAL BALANCE SHEET

ASSETS:

Property (Book Values):		
Real Estate and Buildings Owned	$ 5,933,368.17	
Buildings owned on Leased Ground to be amortized over period of Lease	2,395,160.27	
Furniture and Fixtures	12,099,115.33	$20,427,643.77
Good-Will		50,000,000.00
Treasury Stock:		
Preferred ($429,300.00 par value) acquired for retirement	451,015.00	
Common Scrip	21,030.00	472,045.00
Securities Owned		1,330,834.08
Mortgages Receivable		74,250.00
Inventory and Current Assets:		
Merchandise Inventories at cost	17,431,703.07	
Less—Depreciation to make market value	1,743,170.31	
	15,688,532.76	
Merchandise in Transit at Cost	505,928.34	
	16,194,461.10	
Current Assets:		
Cash on Deposit and on Hand..	11,050,798.87	
Accounts Receivable	703,033.48	
Advance Payments on Goods in Transit, Freight and Duty..	83,910.07	
Dividends Accrued on Securities Owned	10,803.46	28,043,006.98
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of the Leases after charging Profit and Loss $885,291.29 during the year 1921	5,514,561.14	
Store and Office Supplies, Insurance, etc.	1,002,458.65	6,517,019.79
		$106,864.799.62

We certify that the foregoing General Balance Sheet is a true Exhibit of the accounts of the F. W. WOOLWORTH Co. and that, in our opinion it correctly sets forth the financial condition of the Company as of December 31, 1921.

THE AUDIT COMPANY OF NEW YORK,

A. W. Dunning, *President,*

H. I. Lundquist, *Secretary.*

New York,
January 31, 1922.

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1921

...WORTH CO

...S OF DECEMBER 31st, 1921

CAPITAL AND LIABILITIES:

Capital Stock—Authorized and Issued:			
Preferred:			
150,000	Shares, par value $100.00 each	$15,000,000.00	
50,000	Shares, Retired and Cancelled	5 000,000.00	
100,000	Shares outstanding..		$10,000,000.00
Common:			
1,000,000	Shares, par value $100.00 each	100,000,000.00	
350,000	Shares Unissued	35,000,000.00	
650,000	Shares Outstanding..		65,000,000.00
Mortgages Payable			1,914,500.00
Current Liabilities:			
Accounts Payable, Interest, etc.			661,965.08
Dividend on Preferred Capital Stock Payable January 3, 1922			175,000.00
Reserves—For Depreciation of Furniture, Fixtures and Buildings		3,474,384.20	
For Federal and State Taxes, Contingencies, etc.		3,500,000.00	
For Employees Benefit Fund..		100,000.00	7,074,384.20
Surplus:			
Balance, January 1, 1921.....		14,361,365.87	
Net Income for the year ending December 31, 1921.....		13,792,959.77	
		28,154,325.64	
Deduct Dividends:			
On Preferred Capital Stock 7 per cent..	$ 770,000.00		
On Common Capital Stock, 8 per cent..	5,200,000.00		
	5,970,000.00		
Premium on Preferred Capital Stock Retired ...	145,375.30	6,115,375.30	
Balance to Surplus December 31st, 1921			22,038,950.34
			$106,864,799.62

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STATISTICAL

	Net Earnings on Sales	Net Earnings Common Stock
1912	8.94%	8.73%
1913	9.76%	10.82%
1914	9.23%	10.87%
1915	9.93%	13.19%
1916	10.01%	15.57%
1917	9.43%	16.72%
1918	5.46%	9.96%
1919	7.89%	17.11%
1920	7.01%	13.87%
1921	9.34%	20.04%

H. T. Parson,
President

C. F. Valentine,
Treasurer

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1921-52

DIRECTORS

C. S. WOOLWORTH .....Chairman of the Board
H. T. PARSON .....President
F. M. KIRBY .....Vice-President
E. P. CHARLTON ..... " "
J. F. NUTTING ..... " "
B. D. MILLER ..... " "
C. F. VALENTINE .....Secretary and Treasurer
F. J. WECKESSER .....Wilkes-Barre, Pa.
HELENA WOOLWORTH McCANN....New York, N. Y.
JESSIE WOOLWORTH DONAHUE....New York, N. Y.
WALTER P. COOKE .....Attorney
EDWARD CORNELL ..... "
A. BARTON HEPBURN ..... Banker
PHILIP LEHMAN ..... "
ARTHUR SACHS ..... "

J. B. HOLLIS.....	Manager	Boston District
R. L. CREIGHTON.....	"	Manhattan "
C. E. CLIFT.....	"	Wilkes Barre "
L. J. SURDAM.....	"	Buffalo "
W. J. RAND, Jr.....	"	Chicago "
C. E. MICKLER.....	"	Minneapolis "
W. M. SMITH.....	"	St. Louis "
R. W. WEBER.....	"	San Francisco "
RALPH CONNABLE....	"	Toronto "

NUMBER OF STORES AND SALES

	Number of Stores	Sales for Year
Jan. 1, 1912.....	596	.....
Dec. 31, 1912.....	631	$60,557,767
" " 1913.....	684	$66,228,072
" " 1914.....	737	$69,619,669
" " 1915.....	805	$75,995,774
" " 1916.....	920	$87,089,270
" " 1917.....	1000	$98,102,857
" " 1918.....	1039	$107,179,411
" " 1919.....	1081	$119,496,107
" " 1920.....	1111	$140,918,981
" " 1921.....	1137	$147,654,647

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1922

MAR 28 1935
UNIVERSITY OF

F. W. WOOLWORTH CO

NEW YORK

REPORT FOR ELEVENTH YEAR

1922

F. W. Woo

GENERAL BALANCE SHEET

ASSETS:

Property (Book Values):		
Real Estate and Buildings Owned	$ 9,801,495.76	
Less Reserve for depreciation	246,641.27	$ 9,554,854.49
Buildings owned on leased ground to be amortized over period of lease	2,455,211.18	
Less amounted charged off during year 1922	61,297.35	2,393,913.83
Furniture and Fixtures	13,513,092.58	
Less Reserve for depreciation	3,801,338.56	9,711,754.02
Good-Will	50,000,000.00	
Less amount charged to Surplus in 1922	20,000,000.00	30,000,000.00
Treasury Stock:		
Common Scrip		21,030.00
Preferred ($1,653,800.00 par value) all to be retired February 1st, 1923		1,954,811.60
Securities Owned		1,256,539.79
Mortgages Receivable		106,500.00
Inventory and Current Assets:		
Merchandise Inventories at cost	20,090,495.01	
Merchandise in transit at cost	830,401.21	
	20,920,896.22	
Current Assets:		
Cash on Deposit and on Hand	9,576,288.41	
Accounts Receivable	513,877.19	
Advance Payments on Imports	383,311.61	
Net advances to Foreign Branches	153,367.72	
Dividends Accrued on Securities Owned	25,458.70	31,573,199.85
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $1,101,983.59 during the year 1922	7,345,941.80	
Store and office Supplies, Insurance, etc.	1,001,673.29	8,347,615.09
		$94,920,218.67

We certify that the foregoing General Balance Sheet is a true Exhibit of the accounts of the F. W. Woolworth Co. and that, in our opinion it correctly sets forth the financial condition of the Company as of December 31, 1922.

The Audit Company of New York,

A. W. Dunning, *President*,

H. I. Lundquist, *Secretary*.

New York,

February 1, 1923.

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W88
1922

WORTH CO

AS OF DECEMBER 31st, 1922

CAPITAL AND LIABILITIES

Capital Stock—Authorized and Issued:			
Preferred:			
150,000	Shares, par value $100.00 each	$15,000,000.00	
50,000	Shares, Retired and Cancelled	5,000,000.00	
100,000	Shares outstanding all to be retired February 1st, 1923..		$10,000,000.00
Common:			
1,000,000	Shares, par value $100.00 each	100,000,000.00	
350,000	Shares Unissued	35,000,000.00	
650,000	Shares outstanding..		65,000,000.00
Purchase Money Mortgages on Real Estate purchased.....			2,822,735.30
Current Liabilities:			
Accounts Payable, Interest, etc.			659,134.28
Dividend on Preferred Captial Stock Payable Jan. 2, 1923.....			175,000.00
Reserves:			
For Federal and State Taxes, Contingencies, etc.		3,000,000.00	
For Premium on Preferred Capital Stock to be retired February 1st, 1923.....		2,500,000.00	
For Employees Disability Benefit Fund		100,000.00	5,600,000.00
Surplus:			
Balance January 1, 1922.....		22,038,950.34	
Net Income for year ending December 31, 1922.....		18,324,398.75	
		40,363,349.09	
Deduct Dividends:			
On Preferred Capital Stock 7 per cent	$ 700,000.00		
On Common Capital Stock 10 per cent	6,500,000.00		
	7,200,000.00		
Reserved for Premium on Preferred Capital Stock to be retired Feb. 1, 1923	2,500,000.00		
Reduction of Good-Will	20,000,000.00	29,700,000.00	
Balance of Surplus, December 31st, 1922			10,663,349.09
			$94,920,218.67

	Net Earnings on Sales	Net Earnings Common Stock
1912	8.94%	8.73%
1913	9.76%	10.82%
1914	9.23%	10.87%
1915	9.93%	13.19%
1916	10.01%	15.57%
1917	9.43%	16.72%
1918	5.46%	9.96%
1919	7.89%	17.11%
1920	7.01%	13.87%
1921	9.34%	20.04%
1922	10.95%	27.11%

H. T. Parson,
President

C. F. Valentine,
Treasurer

DIRECTORS

C. S. WOOLWORTH .....Chairman of the Board
H. T. PARSON .....President
F. M. KIRBY .....Vice-President
E. P. CHARLTON ..... " "
J. F. NUTTING ..... " "
B. D. MILLER ..... " "
C. F. VALENTINE .....Secretary and Treasurer
C. B. WINSLOW.....Superintendent of Buying
F. J. WECKESSER .....Wilkes-Barre, Pa.
HELENA WOOLWORTH McCANN....New York, N. Y.
JESSIE WOOLWORTH DONAHUE....New York, N. Y.
WALTER P. COOKE .....Attorney
EDWARD CORNELL ..... "
PHILIP LEHMAN ..... Banker
ARTHUR SACHS ..... "

J. B. HOLLIS.....	Manager	Boston District
R. L. CREIGHTON.....	"	Manhattan "
C. E. CLIFT.....	"	Wilkes Barre "
L. J. SURDAM.....	"	Buffalo "
W. J. RAND, Jr.....	"	Chicago "
C. E. MICKLER.....	"	Minneapolis "
W. M. SMITH.....	"	St. Louis "
R. W. WEBER.....	"	San Francisco "
RALPH CONNABLE.....	"	Toronto "

THE LIBRARY OF THE
MAR 20 1924
UNIVERSITY OF

NUMBER OF STORES AND SALES

	Number of Stores	Sales for Year
Jan. 1, 1912.....	596	.....
Dec. 31, 1912.....	631	$60,557,767
" " 1913.....	684	$66,228,072
" " 1914.....	737	$69,619,669
" " 1915.....	805	$75,995,774
" " 1916.....	920	$87,089,270
" " 1917.....	1000	$98,102,857
" " 1918.....	1039	$107,179,411
" " 1919.....	1081	$119,496,107
" " 1920.....	1111	$140,918,981
" " 1921.....	1137	$147,654,647
" " 1922.....	1182	$167,319,765

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1923

F. W. WOOLWORTH CO

NEW YORK

REPORT FOR TWELFTH YEAR

1923

THE LIBRARY OF THE
MAR 28 1935
UNIVERSITY OF

F. W. WOOL

GENERAL BALANCE SHEET

ASSETS:

Property (Book Values):		
Real Estate and Buildings Owned	$10,394,198.20	
Less Reserve for depreciation	355,753.75	$10,038,444.45
Buildings owned on leased ground to be amortized over periods of leases	2,783,462.93	
Less amount charged off during year 1923	65,098.63	2,718,364.30
Furniture and Fixtures	15,723,190.45	
Less Reserve for depreciation	4,375,580.94	11,347,609.51
Good-Will	50,000,000.00	
Less amount charged to Surplus 1922 — 20,000,000.00 1923 — 10,000,000.00	30,000,000.00	20,000,000.00
Securities Owned		1,120,265.80
Mortgages Receivable		77,500.00
Inventory and Current Assets:		
Merchandise Inventories at cost	22,578,529.99	
Merchandise in transit at cost	723,578.43	
	$23,302,108.42	
Current Assets:		
Cash on Deposit and on Hand	6,273,457.68	
Accounts Receivable	715,371.15	
Advance Payments on Imports	534,181.80	
Net advances to Foreign Branches	163,712.69	30,988,831.74
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $1,104,828.76 during the year 1923	10,217,432.48	
Store and office Supplies, Insurance, etc.	1,193,897.15	11,411,329.63
		$87,702,345.43

We certify that the foregoing General Balance Sheet is a true Exhibit of the accounts of the F. W. Woolworth Co. and in our opinion correctly sets forth the financial condition of the Company as of December 31, 1923.

The Audit Company of New York

A. W. Dunning, *President,*

H. I. Lundquist, *Secretary.*

New York,
January 28, 1924.

W88
1923

ORTH CO.

S OF DECEMBER 31st, 1923

CAPITAL AND LIABILITIES

Capital Stock—Authorized and Issued:			
Common:			
1,000.000	Shares, par value $100.00 each	$100.000.000.00	
350.000	Shares Unissued	35.000.000.00	
650.000	Shares outstanding...		$65,000,000.00
Purchase Money Mortgages on Real Estate purchased			2,721,352.95
Current Liabilities: Accounts Payable, Interest, etc.			719,463.01
Reserves:			
For Federal and States Taxes, Contingencies. etc.		6,000,000.00	
For Employees Disability Benefit Fund		100,000.00	6,100,000.00
Surplus:			
Balance January 1, 1923.....		10,663,349.09	
Net Income for year ending December 31, 1923.....		20,698,180.38	
		31,361,529.47	
Deduct:			
Dividends on Common Capital Stock 8 per cent.....	$ 5,200,000.00		
Reserve for protested taxes	3,000,000.00		
Reduction of Good-Will	10.000.000.00	18.200.000.00	
Balance of Surplus, December 31st, 1923			13.161.529.47
			$87.702,345.43

	Net Earnings on Sales	Net Earnings Common Stock
1912	8.94%	8.73%
1913	9.76%	10.82%
1914	9.23%	10.87%
1915	9.93%	13.19%
1916	10.01%	15.57%
1917	9.43%	16.72%
1918	5.46%	9.96%
1919	7.89%	17.11%
1920	7.01%	13.87%
1921	9.34%	20.04%
1922	10.95%	27.11%
1923	10.70%	31.84%

H. T. Parson,
President

B. D. Miller,
Treasurer

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
E. P. CHARLTON.....VICE-PRESIDENT
J. F. NUTTING.....VICE-PRESIDENT
B. D. MILLER.....VICE PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

DIRECTORS

C. S. WOOLWORTH.....SCRANTON, PA.
H. T. PARSON.....NEW YORK, N. Y.
F. M. KIRBY.....WILKES-BARRE, PA.
E. P. CHARLTON.....FALL RIVER, MASS.
J. F. NUTTING.....NEW YORK, N. Y.
B. D. MILLER.....NEW YORK, N. Y.
C. B. WINSLOW.....SUPERINTENDENT OF BUYING
R. L. CREIGHTON.....EXECUTIVE OFFICE REPRESENTATIVE
F. J. WECKESSER.....WILKES-BARRE, PA.
HELENA WOOLWORTH McCANN.....NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE.....NEW YORK, N. Y.
WALTER P. COOKE.....ATTORNEY
EDWARD CORNELL.....ATTORNEY
PHILIP LEHMAN.....BANKER
ARTHUR SACHS.....BANKER
J. B. HOLLIS.....MANAGER, BOSTON DISTRICT
C. E. CLIFT.....MANAGER, WILKES-BARRE DISTRICT
L. J. SURDAM.....MANAGER, BUFFALO DISTRICT
W. J. RAND, JR.....MANAGER, CHICAGO DISTRICT
C. E. MICKLER.....MANAGER, MINNEAPOLIS DISTRICT
W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
H. E. O'NEIL.....MANAGER, DENVER DISTRICT
R. W. WEBER.....MANAGER, SAN FRANCISCO DISTRICT
RALPH CONNABLE.....MANAGER, TORONTO DISTRICT

NUMBER OF STORES AND SALES

	Number of Stores	Sales for Year
Jan. 1, 1912	596	.....
Dec. 31, 1912	631	$60,557,767
" " 1913	684	$66,228,072
" " 1914	737	$69,619,669
" " 1915	805	$75,995,774
" " 1916	920	$87,089,270
" " 1917	1000	$98,102,857
" " 1918	1039	$107,179,411
" " 1919	1081	$119,496,107
" " 1920	1111	$140,918,981
" " 1921	1137	$147,651,647
" " 1922	1176	$167,319,265
" " 1923	1260	$193,447,010

THE LIBRARY OF THE
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THE LIBRARY OF THE
MAR 28 1925
UNIVERSITY OF

F. W. WOOLWORTH CO

NEW YORK

REPORT FOR FOURTEENTH YEAR

1925

F. W. WOO

GENERAL BALANCE SHEE

ASSETS:

Property (Cost Values):		
Real Estate and Buildings Owned	$14,023,290.16	
Less Reserve for depreciation.	643,235.88	$13,380,054.28
Buildings owned on leased ground to be amortized over periods of leases	4,926,153.45	
Less amount charged off during year 1925	184,539.47	4,741,613.98
Furniture and Fixtures	20,257,334.03	
Less Reserve for depreciation	4,648,884.79	15,608,449.24
Leases, Contracts and Good-Will	50,000,000.00	
Less amounts charged to Surplus		
1922 — 20,000,000.00		
1923 — 10,000,000.00		
1924 — 10,000,000.00		
1925 — 9,999,999.00	49,999,999.00	1.00
Securities Owned		1,015,034.52
Mortgages Receivable		101,250.00
Merchandise Inventories at Cost:		
On hand in stores and warehouses	26,295,245.28	
In transit	952,553.66	27,247,798.94
Cash and Current Assets:		
Cash on Deposit and on Hand..	14,723,515.44	
Accounts Receivable	711,854.53	
Advance Payments on Imports..	372,453.30	
Net advances to Foreign Branches	131,871.56	15,939,694.83
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $1,440,291.94 during the year 1925	17,319,224.63	
Store and office Supplies, Insurance, etc.	1,376,413.37	18,695,638.00
		$96,729,534.79

We certify that the foregoing General Balance Sheet is a true Exhibit of the accounts of the F. W. Woolworth Co. and in our opinion correctly sets forth the financial condition of the Company as of December 31, 1925.

The Audit Company of New York

A. W. Dunning, *President.*

H. I. Lundquist, *Secretary.*

New York,
January 22, 1926.

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1925

WORTH CO.

S OF DECEMBER 31st, 1925

CAPITAL AND LIABILITIES:★

Capital Stock—Authorized and Issued:			
Common:			
4,000,000	Shares, par value $25.00 each	$100,000,000.00	
1,400,000	Shares Unissued	35,000,000.00	
2,600,000	Shares Outstanding		$65,000,000.00
Purchase Money Mortgages on Real Estate purchased			3,332,088.25
Current Liabilities: Accounts Payable, Interest, etc.			464,754.14
Reserves:			
For Federal Taxes		3,700,000.00	
For State Taxes		500,000.00	
For Employees Disability Benefit Fund		100,000.00	4,300,000.00
Surplus:			
Balance January 1, 1925		16,830,926.77	
Net Income for year ending December 31, 1925		24,601,764.63	
Deduct:		41,432,691.40	
Dividends on Common Capital Stock: $3.00 per share	$ 7,800,000.00		
Reduction of Good-Will	9,999,999.00	17,799,999.00	
Balance of Surplus, December 31st, 1925			23,632,692.40
			$96,729,534.79

★Exclusive of contingent liability of $10,500,000.00 as guarantor of obligations of Woolco Realty Corporation owner of the Woolworth Building and protected by the value of said building largely exceeding the obligations.

INCOME ACCOUNT FOR YEAR 1925

Sales			$239,032,946.07
Rental Receipts (from leases and sub-leases)			2,016,455.92
Income from Securities Owned including majority holdings of the stock of F. W. Woolworth & Co., Ltd., England			907,222.68
Interest, etc.			1,246,835.26
Total Income			$243,203,459.93
Less Operating Expenses (including cost of merchandise and depreciation)		$214,401,695.30	
Reserve for Federal & State Taxes		4,200,000.00	218,601,695.30
Net Income for the year			$24,601,764.63

H. T. Parson,
President

B. D. Miller,
Treasurer

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
E. P. CHARLTON.....VICE-PRESIDENT
J. F. NUTTING.....VICE-PRESIDENT
B. D. MILLER.....VICE-PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

DIRECTORS

C. S. WOOLWORTH.....SCRANTON, PA.
H. T. PARSON.....NEW YORK, N. Y.
F. M. KIRBY.....WILKES-BARRE, PA.
E. P. CHARLTON.....FALL RIVER, MASS.
J. F. NUTTING.....NEW YORK, N. Y.
B. D. MILLER.....NEW YORK, N. Y.
R. L. CREIGHTON.....SUPERVISOR OF MERCHANDISE
R. H. STRONGMAN.....EXECUTIVE OFFICE REPRESENTATIVE
J. H. DUNSTER.....MANAGER OF BUYING
F. J. WECKESSER.....WILKES-BARRE, PA.
HELENA WOOLWORTH McCANN.....NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE.....NEW YORK, N. Y.
WALTER P. COOKE.....ATTORNEY
EDWARD CORNELL.....ATTORNEY
PHILIP LEHMAN.....BANKER
ARTHUR SACHS.....BANKER
J. B. HOLLIS.....MANAGER, BOSTON DISTRICT
L. J. SURDAM.....MANAGER, BUFFALO DISTRICT
W. J. RAND, JR.....MANAGER, CHICAGO DISTRICT
C. E. MICKLER.....MANAGER, MINNEAPOLIS DISTRICT
W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
H. E. O'NEIL.....MANAGER, DENVER DISTRICT
R. W. WEBER.....MANAGER, SAN FRANCISCO DISTRICT
RALPH CONNABLE.....MANAGER, TORONTO DISTRICT

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COMPARATIVE SALES AND NET EARNINGS

Fiscal Year Ending	No. of Stores	Sales for Year	Net Earnings On Sales	Net Earnings On Common Stock
Jan. 1, 1912	596	.....	.....	.....
Dec. 31, 1912	631	$60,557,767	8.94%	$ 8.73
" " 1913	684	$66,228.072	9.76%	$10.82
" " 1914	737	$69,619.669	9.23%	$10.87
" " 1915	805	$75,995,774	9.93%	$13.19
" " 1916	920	$87,089,270	10.01%	$15.57
" " 1917	1000	$98,102,857	9.43%	$16.72
" " 1918	1039	$107,179,411	5.46%	$ 9.96
" " 1919	1081	$119,496,107	7.89%	$17.11
" " 1920	1111	$140,918,981	7.01%	$13.87
" " 1921	1137	$147,654,647	9.34%	$20.04
" " 1922	1176	$167,319,265	10.95%	$27.11
" " 1923	1260	$193,447,010	10.70%	$31.84
" " 1924	1356	$215,501,187	9.59%	$ 7.95*
" " 1925	1423	$239,032,946	10.29%	$ 9.46

* **NOTE:** Par value per share of Common Stock changed from $100. to $25. as of May 28th, 1924. Four shares of new stock being issued in exchange for each one share of old stock.

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F. W. WOOLWORTH CO

NEW YORK

REPORT FOR FIFTEENTH YEAR

1926

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F. W. WOO

GENERAL BALANCE SHEE

ASSETS:

Leases and Good-Will		$1.00
Property (Cost Values):		
Real Estate and Buildings Owned $15,267,050.94		
Less Reserve for depreciation.. 815,840.72		14,451,210.22
Buildings owned on leased ground to be amortized over periods of leases 6,022,661.80		
Less amount charged off during year 1926 ..... 204,282.73		5,818,379.07
Furniture and Fixtures 22,920,898.42		
Less Reserve for depreciation 5,452,785.18		17,468,113.24
Securities Owned including majority holdings of the stock of F. W. Woolworth & Co., Ltd., England		14,505,396.59
Mortgages Receivable		93,000.00
Merchandise Inventories at Cost:		
On hand in stores and warehouses 29,786,779.74		
In transit 966,449.38		
		30,753,229.12
Cash and Current Assets:		
Cash on Deposit and on Hand 17,243,742.24		
Accounts Receivable 767,298.93		
Advance Payments on Imports.. 290,662.45		
Net advances to Foreign Branches 318,129.20		18,619,832.82
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $1,631,295.23 during the year 1926 ..... 18,960,472.06		
Store and Office Supplies, prepaid Insurance and Sundry items.... 1,960,565.37		20,921,037.43
		$122,630,199.49

INCOME ACCOUNT FOR YEAR 1926

Sales		253,645,123.99
Rental Receipts (from leases and sub-leases)		2,139,608.86
Income from Securities Owned....		1,509,245.97
Interest, etc.		1,533,294.37
Total Income		$258,827,273.19
Less Operating Expenses (including cost of merchandise and depreciation) $226,922,345.39		
Reserve for Federal Taxes 3,700,000.00		230,622,345.39
Net Income for the year		$28,204,927.80

H. T. Parson,
President

B. D. Miller,
Treasurer

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1926

ORTH CO.

OF DECEMBER 31st, 1926

CAPITAL AND LIABILITIES:★

Capital Stock—Authorized and Issued:			
Common:			
4,000,000	Shares, par value $25.00 each	$100,000,000.00	
1,400,000	Shares Unissued	35,000,000.00	
2,600,000	Shares Outstanding		$65,000,000.00
Purchase Money Mortgages on Real Estate purchased			3,432,500.00
Current Liabilities:			
Accounts Payable		555,805.22	
Interest		38,096.00	593,901.22
Reserves:			
For Federal Taxes		3,700,000.00	
For Employees Disability Benefit Fund		100,000.00	3,800,000.00
Surplus:			
Balance January 1, 1926		23,632,692.40	
Revaluation of stock holdings in F. W. Woolworth & Co., Ltd., England		13,566,178.07	
Net Income for year ending December 31, 1926		28,204,927.80	
		65,403,798.27	
Less Dividends paid on Common Capital Stock: $6.00 per share		15,600,000.00	
Balance of Surplus, December 31st, 1926 subject to 50 per cent stock dividend, $32,500,000.00, payable Feb. 1st, 1927			49,803,798.27
			$122,630,199.49

★Exclusive of contingent liability of $10,000,000.00 as guarantor of obligations of Woolco Realty Corporation owner of the Woolworth Building and protected by the value of said building largely exceeding the obligations.

We certify that the foregoing General Balance Sheet is a true Exhibit of the accounts of the F. W. WOOLWORTH CO. and in our opinion correctly sets forth the financial condition of the Company as of December 31, 1926.

THE AUDIT COMPANY OF NEW YORK

A. W. Dunning, *President.*

H. I. Lundquist, *Secretary.*

New York.
January 18, 1927.

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
E. P. CHARLTON.....VICE-PRESIDENT
J. F. NUTTING.....VICE-PRESIDENT
B. D. MILLER.....VICE-PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

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A. L. CORNWELL.....EXECUTIVE OFFICE REPRESENTATIVE
J. H. DUNSTER.....MANAGER OF BUYING
F. J. WECKESSER.....WILKES-BARRE, PA.
HELENA WOOLWORTH McCANN.....NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE.....NEW YORK, N. Y.
SEYMOUR H. KNOX.....BANKER
EDWARD CORNELL.....ATTORNEY
PHILIP LEHMAN.....BANKER
ARTHUR SACHS.....BANKER
J. B. HOLLIS.....MANAGER BOSTON DISTRICT
S. H. HUBER.....MANAGER, WILKES-BARRE DISTRICT
L. J. SURDAM.....MANAGER, BUFFALO DISTRICT
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W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
H. E. O'NEIL.....MANAGER, DENVER DISTRICT
R. W. WEBER.....MANAGER SAN FRANCISCO DISTRICT

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year Ending	No. of Stores	Sales for Year	Net Earnings On Sales	Net Earnings On Common Stock
Jan. 1, 1912	596	.....	...	...
Dec. 31, 1912	631	$60,557,767	8.94%	$ 8.73
" " 1913	684	$66,228,072	9.76%	$10.82
" " 1914	737	$69,619,669	9.23%	$10.87
" " 1915	805	$75,995,774	9.93%	$13.19
" " 1916	920	$87,089,270	10.01%	$15.57
" " 1917	1000	$98,102,857	9.43%	$16.72
" " 1918	1039	$107,179,411	5.46%	$ 9.96
" " 1919	1081	$119,496,107	7.89%	$17.11
" " 1920	1111	$140,918,981	7.01%	$13.87
" " 1921	1137	$147,654,647	9.34%	$20.04
" " 1922	1176	$167,319,265	10.95%	$27.11
" " 1923	1260	$193,447,010	10.70%	$31.84
" " 1924	1356	$215,501,187	9.59%	$ 7.95*
" " 1925	1423	$239,032,946	10.29%	$ 9.46
" " 1926	1480	$253,645,124	11.12%	$10.85

* **NOTE:** Par value per share of Common Stock changed from $100. to $25. as of May 28th, 1924. Four shares of new stock being issued in exchange for each one share of old stock.

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F. W. WOOLWORTH CO

NEW YORK

REPORT FOR SIXTEENTH YEAR

1927

F. W. WOO

GENERAL BALANCE SHE

ASSETS:

Leases and Good-Will		$1.00
Property (Cost Values):		
Real Estate & Buildings Owned..	$16,196,589.75	
Less Reserve for depreciation..	1,009,733.50	15,186,856.25
Buildings owned on leased ground to be amortized over periods of leases	7,256,440.07	
Less amount charged off during year 1927	216,486.19	7,039,953.88
Furniture and Fixtures	25,646,812.98	
Less Reserve for depreciation..	6,389,207.30	19,257,605.68
Securities Owned including majority holdings of the stock of F.W. Woolworth & Co., England & F.W. Woolworth Co. of Germany		18,762,549.86
Mortgages Receivable		91,009.10
Merchandise Inventories at Cost:		
On hand in stores and warehouses	29,472,371.07	
In transit	926,030.60	30,398,401.67
Cash and Current Assets:		
Cash on Deposit and on Hand..	20,422,914.80	
Accounts Receivable	860,278.07	
Advance Payments on Imports...	204,202.85	
Net advances to Foreign Branches	1,272,621.96	22,760,017.68
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $1,723,634.86 during the year 1927	22,275,984.14	
Store and Office Supplies, prepaid Insurance and Sundry items....	1,972,671.41	24,248,655.55
		$137,745,050.67

INCOME ACCOUNT FOR YEAR 1927

Sales		$272,754,045.76
Rental Receipts (from leases and sub-leases)		2,743,579.90
Proportion of 1927 Surplus earnings of Foreign Companies.....		4,042,781.66
Income from Securities Owned..		2,415,388.80
Interest, etc.		1,849,739.85
Total Income		283,805,535.97
Less Operating Expenses (including cost of merchandise and depreciation)	$245,455,062.14	
Reserve for Federal Taxes	3,000,000.00	248,455,062.14
Net Income for the year.....		$35,350,473.83

H. T. Parson,
President

B. D. Miller,
Treasurer

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ORTH CO.

OF DECEMBER 31st, 1927

CAPITAL AND LIABILITIES:★

Capital Stock—Authorized and Issued:			
Common:			
4,000,000	Shares, par value $25.00 each	$100,000,000.00	
100,000	Shares Unissued	2,500,000.00	
3,900,000	Shares Outstanding..		$97,500,000.00
Purchase Money Mortgages on Real Estate purchased			3,546,500.00
Current Liabilities:			
Accounts Payable		407,157.96	
Interest		37,120.61	444,278.57
Reserves:			
For Federal Taxes		3,000,000.00	
For Employees Disability Benefit Fund		100,000.00	3,100,000.00
Surplus:			
Balance January 1, 1927		49,803,798.27	
Net Income for year ending December 31, 1927		35,350,473.83	
		85,154,272.10	
Deduct Dividends: on common capital stock: $5.00 per share	19,500,000.00		
Feb. 1, 1927 stock dividend 50 per ct.	32,500,000.00	52,000,000.00	
Balance to Surplus December 31st, 1927			33,154,272.10
			$137,745,050.67

★Exclusive of contingent liability of $9,500,000.00 as guarantor of obligations of Woolco Realty Corporation owner of the Woolworth Building and protected by the value of said building largely exceeding the obligation.

We certify that the foregoing General Balance Sheet is a true Exhibit of the Accounts of the F. W. WOOLWORTH CO. and in our opinion correctly sets forth the financial condition of the Company as of December 31, 1927.

THE AUDIT COMPANY OF NEW YORK

A. W. Dunning, *President.*

H. I. Lundquist, *Secretary.*

New York,
January 19, 1928.

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
E. P. CHARLTON.....VICE-PRESIDENT
J. F. NUTTING.....VICE-PRESIDENT
B. D. MILLER.....VICE-PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

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UNIVERSITY OF ILLINOIS

DIRECTORS

C. S. WOOLWORTH.....SCRANTON, PA.
H. T. PARSON.....NEW YORK, N. Y.
F. M. KIRBY.....WILKES-BARRE, PA.
E. P. CHARLTON.....FALL RIVER, MASS.
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COMPARATIVE SALES AND NET EARNINGS

Fiscal Year Ending	No. of Stores	Sales for Year	Net Earnings On Sales	Net Earnings On Common Stock
Jan. 1, 1912	596	.....	.....	.....
Dec. 31, 1912	631	$60,557,767	8.94%	$ 8.73
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" " 1916	920	$87,089,270	10.01%	$15.57
" " 1917	1000	$98,102,857	9.43%	$16.72
" " 1918	1039	$107,179,411	5.46%	$ 9.96
" " 1919	1081	$119,496,107	7.89%	$17.11
" " 1920	1111	$140,918,981	7.01%	$13.87
" " 1921	1137	$147,654,647	9.34%	$20.04
" " 1922	1176	$167,319,265	10.95%	$27.11
" " 1923	1260	$193,447,010	10.70%	$31.84
" " 1924	1356	$215,501,187	9.59%	$ 7.95*
" " 1925	1423	$239,032,946	10.29%	$ 9.46
" " 1926	1480	$253,645,124	11.12%	$10.85
" " 1927	1581	$272,754,045	12.96%	$ 9.06†

* NOTE: Par value per share of Common Stock changed from $100. to $25. as of May 28th, 1924.

† Stock dividend of 50 per cent paid Feb. 1st, 1927.

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F. W. WOOLWORTH CO

NEW YORK

REPORT FOR SEVENTEENTH YEAR

1928

F. W. WOO

GENERAL BALANCE SHEE

ASSETS:

Leases and Good-Will		$1.00
Property (Cost Values):		
Real Estate & Buildings owned..	$17,676,537.28	
Less Reserve for Depreciation..	1,221,267.98	16,455,269.30
Buildings owned on leased ground to be amortized over periods of leases	12,503,143.48	
Less amount charged off during year 1928	194,162.09	12,308,981.39
Furniture and Fixtures	29,280,826.23	
Less Reserve for Depreciation..	7,324,646.72	21,956,179.51
Securities Owned including majority holdings of the stock of F.W. Woolworth & Co., England & F.W. Woolworth Co. of Germany		23,001,541.19
Mortgages Receivable		114,340.51
Inventories at Cost:		
Merchandise in Stores and Warehouses	31,171,885.55	
Merchandise in Transit	1,030,155.35	32,202,040.90
Store and Office Supplies.....		916,132.06
Cash and other Current Assets:		
Cash on Deposit and on Hand...	16,408,179.49	
Accounts Receivable	1,482,191.78	
Advance Payments on Imports..	324,669.01	
Net Advances to Foreign Branches	2,737,727.15	20,952,767.43
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $1,935,577.18 during the year 1928.....	24,337,198.70	
Prepaid Insurance and Sundry Items	1,271,622.90	25,608,821.60
		$153,516,074.89

INCOME ACCOUNT FOR YEAR 1928

Sales		$287,318,719.93
Rental Receipts (from leases and sub-leases)		3,282,879.10
Proportion of 1928 Surplus earnings of Foreign Companies.....		4,118,770.22
Income from Securities Owned...		3,017,862.42
Interest, etc.		2,035,986.33
Total Income		$299,774,218.00
Less Operating Expenses and cost of Merchandise, (including Depreciation $1,594,460.70)	$261,488,611.94	
Reserve for Federal Taxes.....	2,900,000.00	264,388,611.94
Net Income for the year.....		$35,385,606.06

H. T. Parson,
President

B. D. Miller,
Treasurer

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...ORTH CO.

S OF DECEMBER 31st, 1928

	CAPITAL AND LIABILITIES:★		
Capital Stock—Authorized and Issued:			
Common:			
4,000,000	Shares, par value $25.00 each	$100,000,000.00	
100,000	Shares Unissued	2,500,000.00	
3,900,000	Shares Outstanding..		$97,500,000.00
Purchase Money Mortgages on Real Estate purchased			3,551,000.00
Current Liabilities:			
Accounts Payable		388,975.99	
Interest		36,220.74	425,196.73
Reserves:			
For Federal Taxes		2,900,000.00	
For Employees Disability Benefit Fund		100,000.00	3,000,000.00
Surplus:			
Balance January 1, 1928		33,154,272.10	
Net Income for year ending December 31, 1928		35,385,606.06	
		68,539,878.16	
Less Dividends paid on Common Capital Stock: $5.00 per share		19,500,000.00	
Balance of Surplus December 31st, 1928			49,039,878.16
			$153,516,074.89

★Exclusive of contingent liability of $9,000,000.00 as guarantor of obligations of Woolco Realty Corporation owner of the Woolworth Building and protected by the value of said building, largely exceeding the obligations.

We certify that the foregoing General Balance Sheet and related income account are true Exhibits of the Accounts of the F. W. Woolworth Co. and in our opinion correctly set forth the financial condition of the Company as of December 31st, 1928.

The Audit Company of New York

Ernest Wm. Bell,
Vice President.

H. I. Lundquist,
Secretary.

New York,
January 21, 1929.

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
E. P. CHARLTON.....VICE-PRESIDENT
J. F. NUTTING.....VICE-PRESIDENT
B. D. MILLER.....VICE-PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

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DIRECTORS

C. S. WOOLWORTH.....SCRANTON, PA.
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F. M. KIRBY.....WILKES-BARRE, PA.
E. P. CHARLTON.....FALL RIVER, MASS.
J. F. NUTTING.....NEW YORK, N. Y.
B. D. MILLER.....NEW YORK, N. Y.
R. L. CREIGHTON.....SUPERVISOR OF MERCHANDISE
A. L. CORNWELL.....EXECUTIVE OFFICE REPRESENTATIVE
J. H. DUNSTER.....MANAGER OF BUYING
F. J. WECKESSER.....WILKES-BARRE, PA.
HELENA WOOLWORTH McCANN.....NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE.....NEW YORK, N. Y.
SEYMOUR H. KNOX.....BANKER
EDWARD CORNELL.....ATTORNEY
PHILIP LEHMAN.....BANKER
ARTHUR SACHS.....BANKER
J. B. HOLLIS.....MANAGER, BOSTON DISTRICT
S. H. HUBER.....MANAGER, WILKES-BARRE DISTRICT
L. J. SURDAM.....MANAGER, BUFFALO DISTRICT
W. J. RAND, JR.....MANAGER, CHICAGO DISTRICT
C. E. MICKLER.....MANAGER, MINNEAPOLIS DISTRICT
W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
H. E. O'NEIL.....MANAGER, DENVER DISTRICT
R. W. WEBER.....MANAGER, SAN FRANCISCO DISTRICT

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year Ending	No. of Stores	Sales for Year	Net Earnings On Sales	Net Earnings On Common Stock
Jan. 1, 1912	596	.....	.....	.....
Dec. 31, 1912	631	$60,557,767	8.94%	$ 8.73
" " 1913	684	$66,228,072	9.76%	$10.82
" " 1914	737	$69,619,669	9.23%	$10.87
" " 1915	805	$75,995,774	9.93%	$13.19
" " 1916	920	$87,089,270	10.01%	$15.57
" " 1917	1000	$98,102,857	9.43%	$16.72
" " 1918	1039	$107,179,411	5.46%	$ 9.96
" " 1919	1081	$119,496,107	7.89%	$17.11
" " 1920	1111	$140,918,981	7.01%	$13.87
" " 1921	1137	$147,654,647	9.34%	$20.04
" " 1922	1176	$167,319,265	10.95%	$27.11
" " 1923	1260	$193,447,010	10.70%	$31.84
" " 1924	1356	$215,501,187	9.59%	$ 7.95*
" " 1925	1423	$239,032,946	10.29%	$ 9.46
" " 1926	1480	$253,645,124	11.12%	$10.85
" " 1927	1581	$272,754,045	12.96%	$ 9.06†
" " 1928	1725	$287,318,720	12.32%	$ 9.07

* **NOTE:** Par value per share of Common Stock changed from $100. to $25. as of May 28th, 1924.

† Stock dividend of 50 per cent paid Feb. 1st, 1927.

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UNIVERSITY OF ILLINOIS.

F. W. WOOLWORTH CO

NEW YORK

REPORT FOR EIGHTEENTH YEAR

1929

F. W. WOO

GENERAL BALANCE SHE

ASSETS:

Leases and Good-Will		$1.00
Property (Cost Values):		
Real Estate & Buildings owned..	$19,232,332.39	
Less Reserve for Depreciation..	1,451,564.69	17,780,767.70
Buildings owned on leased ground to be amortized over periods of leases	13,394,172.13	
Less amount charged off during year 1929	281,728.47	13,112,443.66
Furniture and Fixtures	33,013,288.28	
Less Reserve for Depreciation..	8,282,415.39	24,730,872.89
Securities Owned including majority holdings of the stock of Foreign Subsidiaries		27,685,086.64
Mortgages Receivable		131,649.70
Inventories at Cost:		
Merchandise in Stores and Warehouses	37,954,219.20	
Merchandise in Transit	900,159.24	38,854,378.44
Store and Office Supplies		961,654.71
Cash and other Current Assets:		
Cash on Deposit and on Hand...	6,455,240.32	
Accounts Receivable	1,288,975.33	
Advance Payments on Imports...	295,455.28	
Net Advances to Foreign Branches	3,646,934.61	11,686,605.54
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to Profit and Loss $2,217,738.51 during the year	29,025,396.07	
Prepaid Insurance and Sundry Items	1,454,191.25	30,479,587.32
		$165,423,047.60

We certify that the foregoing General Balance Sheet with income account is a true Exhibit of the Accounts of the F. W. Woolworth Co. and in our opinion correctly set forth the financial condition of the Company as of December 31st, 1929.

THE AUDIT COMPANY OF NEW YORK

Ernest Wm. Bell, *President.*

H. I. Lundquist, *Secretary.*

New York,
January 21, 1930.

338.7
1929

WORTH CO.

AS OF DECEMBER 31st, 1929

CAPITAL AND LIABILITIES:

Capital Stock—Authorized and Issued:			
20,000,000	Shares, par value $10.00 each	$200,000,000.00	
10,250,000	Shares Unissued	102,500,000.00	
9,750,000	Shares Outstanding..		$97,500,000.00
Purchase Money Mortgages on Real Estate purchased			3,483,800.00
Current Liabilities:			
Accounts Payable		378,116.57	
Interest and Real Estate Taxes Accrued		325,872.36	
Group Life Insurance 1930 Premium		181,128.00	885,116.93
Reserves:			
For Federal Taxes		2,150,000.00	
For Employees Sick Benefit Fund		100,000.00	2,250,000.00
Income and Surplus:			
Balance of Surplus, Jan. 1, 1929..		49,039,878.16	
Net Income from Store operations after deducting depreciation of $1,806,081.96 on Buildings and Store Fixtures for year..	$25,419,658.41		
Net Income from Securities & Interest	6,358,003.40		
Net Rentals from Sub-tenants	3,886,590.70		
Total Net Income for Year 1929..		35,664,252.51	
		84,704,130.67	
Less Dividends paid on Capital Stock:			
$6.00 per share per Annum. Par Value $25. For First Two Quarters.	$11,700,000.00		
$2.40 per share per Annum, Par Value $10. For Last Two Quarters.	11,700,000.00	23,400,000.00	
Balance of Surplus, December 31st, 1929			61,304,130.67
			$165,423,047.60

H. T. Parson,
President

B. D. Miller,
Treasurer

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
E. P. CHARLTON.....VICE-PRESIDENT
J. F. NUTTING.....VICE-PRESIDENT
B. D. MILLER.....VICE-PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

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DIRECTORS

C. S. WOOLWORTH.....SCRANTON, PA.
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F. M. KIRBY.....WILKES-BARRE, PA.
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F. J. WECKESSER.....WILKES-BARRE, PA.
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PHILIP LEHMAN.....BANKER
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S. H. HUBER.....MANAGER, WILKES-BARRE DISTRICT
L. J. SURDAM.....MANAGER, BUFFALO DISTRICT
W. J. RAND, JR.....MANAGER, CHICAGO DISTRICT
C. E. MICKLER.....MANAGER, MINNEAPOLIS DISTRICT
W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
H. E. O'NEIL.....MANAGER, DENVER DISTRICT
R. W. WEBER.....MANAGER, SAN FRANCISCO DISTRICT

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings On Sales	Net Earnings On Common Stock	Par Value
1912	631	$60,557,767	8.94%	$ 8.73	$100.
1913	684	$66,228.072	9.76%	$10.82	"
1914	737	$69,619,669	9.23%	$10.87	"
1915	805	$75,995,774	9.93%	$13.19	"
1916	920	$87,089,270	10.01%	$15.57	"
1917	1000	$98,102,857	9.43%	$16.72	"
1918	1039	$107,179,411	5.46%	$ 9.96	"
1919	1081	$119,496,107	7.89%	$17.11	"
1920	1111	$140,918,981	7.01%	$13.87†	"
1921	1137	$147,654,647	9.34%	$20.04	"
1922	1176	$167,319,265	10.95%	$27.11	"
1923	1260	$193,447,010	10.70%	$31.84	"
1924	1356	$215,501,187	9.59%	$ 7.95	$ 25.
1925	1423	$239,032,946	10.29%	$ 9.46	"
1926	1480	$253,645,124	11.12%	$10.85	"
1927	1581	$272,754,045	12.96%	$ 9.06†	"
1928	1725	$287,318,720	12.32%	$ 9.07	"
1929	1825	$303,047,172	11.77%	$ 9.14	"
				$ 3.66*	$ 10.

† Stock dividend of 30 per cent paid in 1920.
† Stock dividend of 50 per cent paid in 1927.
* Par Value of stock changed to $10. per share, June 1929.

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F. W. WOOLWORTH CO

REPORT FOR NINETEENTH YEAR

1930

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UNIVERSITY OF ILLINOIS.

F. W. WOO

Including Domestic a

CONSOLIDATED BALANCE SH

ASSETS:

Leases and Good-Will		$1.00
Property (Cost Values):		
Real Estate & Buildings owned	$19,809,569.25	
Less Reserve for Depreciation	1,714,787.16	18,094,782.09
Buildings owned on leased ground to be amortized over periods of leases	12,649,283.04	
Less amount charged off during year 1930	287,125.06	12,362,157.98
Furniture and Fixtures	35,530,525.31	
Less Reserve for Depreciation	8,736,439.56	26,794,085.75
Securities Owned including majority holdings of the stock of Foreign Subsidiaries		31,653,845.82
Mortgages Receivable		116,216.51
Inventories at Cost:		
Merchandise in Stores and Warehouses	31,680,431.05	
Merchandise in Transit	797,618.27	32,478,049.32
Store and Office Supplies		907,364.49
Cash and other Current Assets:		
Cash on Deposit and on Hand	17,254,701.87	
Accounts Receivable	817,937.63	
Advance Payments on Imports	212,529.72	
Net Advances to Foreign Branches	4,002,210.66	22,287,379.88
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be written off during the terms of Leases after charging to expense $2,416,792.91 during the year	31,245,609.20	
Prepaid Insurance and Sundry Items	951,854.33	32,197,463.53
		$176,891,346.37

We certify that the foregoing Consolidated Balance Sheet and related Income Account are true exhibits of the Accounts, and in our opinion correctly set forth the financial condition of F. W. Woolworth Co. as of December 31st, 1930, and the results from operations for years 1929 and 1930.

The Audit Company of New York

Ernest Wm. Bell
President.

New York,
January 20, 1931.

VORTH CO.

Canadian Subsidiaries

T AS OF DECEMBER 31st, 1930

CAPITAL AND LIABILITIES:

Capital Stock—Authorized and Issued:			
20,000,000	Shares, par value $10.00 each	$200,000,000.00	
10,250,000	Shares Unissued	102,500,000.00	
9,750,000	Shares Outstanding..		$97,500,000.00
Purchase Money Mortgages on Real Estate purchased			3,437,500.00
Current Liabilities:			
Accounts Payable		530,869.83	
Interest and Real Estate Taxes Accrued		422,310.86	
Group Life Insurance 1931 Premium		190,694.00	1,143,874.69
Reserves:			
For Federal Taxes		2,700,000.00	
For Employees Sick Benefit Fund		100,000.00	2,800,000.00
Income and Surplus:			
Balance of Surplus, Jan. 1, 1930..		61,304,130.67	
Less Net Settlement of Federal Taxes for prior years since 1919		630,408.79	
		$ 60,673,721.88	
Net Income for Year ending December 31, 1930		34,736,249.80	
		$ 95,409,971.68	
Less Dividends paid on Capital Stock: $2.40 per share		23,400,000.00	
Balance of Surplus December 31, 1930			72,009,971.68
			$176,891,346.37

COMPARATIVE INCOME ACCOUNT

	1929	1930
Sales	$303,047,172.15	$289,288,605.28
Net Rental Income (Gross 1929—$3,886,590.70) (Gross 1930— 4,286,445.12)	473,100.46	518,351.86
Undistributed Current Earnings of unconsolidated Foreign Subsidiaries	4,067,723.91	3,969,904.82
Income from Securities Owned...	4,521,432.29	5,278,813.01
Interest, etc.	1,836,571.11	2,252,876.90
Total Income	$313,945,999.92	$301,308,551.87
Less Operating Expenses and Cost of Merchandise	$274,325,665.45	$262,031,233.59
Depreciation on Buildings and Fixtures	1,806,081.96	1,841,068.48
Reserve for Federal Taxes	2,150,000.00	2,700,000.00
Total Deductions	$278,281,747.41	$266,572,302.07
Net Income for year	$ 35,664,252.51	$ 34,736,249.80

H. T. Parson,
President

B. D. Miller,
Treasurer

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OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
B. D. MILLER.....VICE-PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFFER, JR.....ASST. SECY. & ASST. TREAS.

DIRECTORS

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R. L. CREIGHTON.....SUPERVISOR OF MERCHANDISE
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C. W. DEYO.....EXECUTIVE OFFICE REPRESENTATIVE
J. H. DUNSTER.....MANAGER OF BUYING
F. J. WECKESSER.....WILKES-BARRE, PA.
HELENA WOOLWORTH McCANN.....NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE.....NEW YORK, N. Y.
SEYMOUR H. KNOX.....BANKER
EDWARD CORNELL.....ATTORNEY
PHILIP LEHMAN.....BANKER
ARTHUR SACHS.....BANKER
J. B. HOLLIS.....MANAGER, BOSTON DISTRICT
H. E. O'NEIL.....MANAGER, MANHATTAN DISTRICT
S. H. HUBER.....MANAGER, WILKES-BARRE DISTRICT
W. J. RAND, JR.....MANAGER, CHICAGO DISTRICT
C. E. MICKLER.....MANAGER, MINNEAPOLIS DISTRICT
W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
R. W. WEBER.....MANAGER, SAN FRANCISCO DISTRICT
L. J. HARRINGTON.....MANAGER, CANADIAN DISTRICT

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings On Sales	Net Earnings On Stock	Par Value
1912	631	$60,557,767	8.94%	$ 8.73	$100.
1913	684	$66,228,072	9.76%	$10.82	"
1914	737	$69,619,669	9.23%	$10.87	"
1915	805	$75,995,774	9.93%	$13.19	"
1916	920	$87,089,270	10.01%	$15.57	"
1917	1000	$98,102,857	9.43%	$16.72	"
1918	1039	$107,179,411	5.46%	$ 9.96	"
1919	1081	$119,496,107	7.89%	$17.11	"
1920	1111	$140,918,981	7.01%	$13.87†	"
1921	1137	$147,654,647	9.34%	$20.04	"
1922	1176	$167,319,265	10.95%	$27.11	"
1923	1260	$193,447,010	10.70%	$31.84	"
1924	1356	$215,501,187	9.59%	$ 7.95	$ 25.
1925	1423	$239,032,946	10.29%	$ 9.46	"
1926	1480	$253,645,124	11.12%	$10.85	"
1927	1581	$272,754,045	12.96%	$ 9.06†	"
1928	1725	$287,318,720	12.32%	$ 9.07	"
1929	1825	$303,047,172	11.77%	$ 3.66*	$ 10.
1930	1881	$289,288,605	12.01%	$ 3.56	"

†Stock dividend of 30 per cent paid in 1920.
†Stock dividend of 50 per cent paid in 1927.
*Par Value of stock changed to $10. per share, June 1929.

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F. W. WOOLWORTH CO

REPORT FOR TWENTIETH YEAR

1931

F. W. WOO

Including Domestic a

CONSOLIDATED BALANCE SH

ASSETS:

Leases and Goodwill		$1.00
Property (Cost Values):		
Real Estate and Buildings Owned	$20,055,128.08	
Less Reserve for Depreciation	1,981,482.17	18,073,645.91
Buildings Owned on Leased Ground To be amortized over periods of Leases	12,389,740.31	
Less Amount charged off during 1931	311,980.69	12,077,759.62
Furniture and Fixtures	36,978,043.22	
Less Reserve for Depreciation	9,623,675.02	27,354,368.20
Securities Owned, including majority holdings of stock of Foreign Subsidiaries at book value and 46,382 shares of Company's capital stock at cost		25,960,947.88
(The market value of the foregoing Securities is $70,061,190.09)		
Mortgages Receivable		166,281.63
Inventories: (Cost or Market, whichever Lower)		
Merchandise in Stores and Warehouses	30,546,939.17	
Merchandise in Transit	905,367.21	31,452,306.38
Store and Office Supplies		935,129.04
Cash and Other Current Assets:		
Cash on Deposit and on Hand	23,207,082.43	
Accounts Receivable	620,661.74	
Advance on Imports	166,102.67	
Advances to Foreign Branches (Net)	3,940,348.16	27,934,195.00
Deferred Charges:		
Alterations and Improvements upon Leased Premises to be amortized over periods of Leases, after charging to Expense $2,656,250.05 during the year 1931	30,742,176.48	
Prepaid Insurance and Sundry Items	1,168,580.38	31,910,756.86
		$175,865,391.52

To The President and Board of Directors

We hereby certify that, in our opinion, the foregoing Balance Sheet correctly sets forth the financial condition of the F. W. Woolworth Co. as of December 31, 1931 and that the relative Income Account reflects the Net Profits for the year ended on that date.

The Audit Company of New York

R. G. Rankin,
President

New York,
January 22, 1932

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VORTH CO.

Canadian Subsidiaries

T AS OF DECEMBER 31st, 1931

CAPITAL AND LIABILITIES:

Capital Stock:			
20,000,000	Shares — Par Value $10.00 each	$200,000,000.00	
10,250,000	Shares Unissued	102,500,000.00	
9,750,000	Shares Outstanding		$97,500,000.00
Purchase Money Mortgages on Real Estate Purchased			3,341,200.00
Current Liabilities:			
Accounts Payable		231,091.23	
Interest and Real Estate Taxes Accrued		434,351.82	
Group Life Insurance 1932 Premium		187,957.00	853,400.05
Reserves:			
Federal Taxes		5,900,000.00	
Employees' Sick Benefit Fund		100,000.00	
Reserve for Unrealized Foreign Exchange Losses (Reserve against funds in all Foreign Countries except Canada)		317,669.25	6,317,669.25
Surplus (Earned)—December 31, 1931			67,853,122.22
			$175,865,391.52

CONSOLIDATED INCOME AND SURPLUS ACCOUNT

Sales—(U.S.A., Canada and Cuba)			$282,669,576.12
Less: Cost of Merchandise and Expenses			257,469,323.50
Operating Profits			25,200,252.62
Other Income:			
Undistributed Current Earnings of Unconsolidated Foreign Subsidiaries		$4,281,237.97	
Net Rental Income		265,287.59	
Income from Securities Owned		4,990,436.70	
Profit on Sale of Securities		9,977,452.41	
Interest, etc.		2,504,678.06	22,019,092.73
Net Profit before Depreciation and Reserves			47,219,345.35
Deduct:			
Depreciation on Buildings and Fixtures for Current Year		1,970,549.69	
Reserve for Federal Taxes		3,900,000.00	5,870,549.69
Net Profit for the Year			41,348,795.66
Less:			
Profits Reserved for Unrealized Foreign Exchange Losses			317,669.25
Balance, Transferred to Surplus.			41,031,126.41
Surplus Balance, January 1, 1931.			72,009,971.68
Total			113,041,098.09
Deduct:			
Regular Dividend-$2.40 per Share		23,400,000.00	
Extra Dividend-$2.00 per Share		19,500,000.00	
Net Surplus Adjustments (Includes $2,000,000. estimated Federal Income Tax on Profits included in prior years, not subject to tax until this year upon the sale of securities)		2,287,975.87	45,187,975.87
Surplus Balance, Dec. 31, 1931.			$67,853,122.22

H. T. Parson,
President

B. D. Miller,
Treasurer

OFFICERS

C. S. WOOLWORTH.....CHAIRMAN BOARD OF DIRECTORS
H. T. PARSON.....PRESIDENT
F. M. KIRBY.....VICE-PRESIDENT
B. D. MILLER.....VICE-PRES. & TREAS.
H. W. DEYO.....SECY. & ASST. TREAS.
PAUL HOFER, JR.....ASST. SECY. & ASST. TREAS.

DIRECTORS

C. S. WOOLWORTH.....SCRANTON, PA.
H. T. PARSON.....NEW YORK, N. Y.
F. M. KIRBY.....WILKES-BARRE, PA.
B. D. MILLER.....NEW YORK, N. Y.
R. L. CREIGHTON.....EXECUTIVE OFFICE REPRESENTATIVE
A. L. CORNWELL.....EXECUTIVE OFFICE REPRESENTATIVE
C. W. DEYO.....MANAGER OF BUYING
W. L. STEPHENSON..MANAGING DIRECTOR, F.W.W.&CO., LTD., ENG.
F. J. WECKESSER.....WILKES-BARRE, PA.
HELENA WOOLWORTH McCANN.....NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE.....NEW YORK, N. Y.
SEYMOUR H. KNOX.....BANKER
EDWARD CORNELL.....ATTORNEY
PHILIP LEHMAN.....BANKER
ARTHUR SACHS.....BANKER
J. B. HOLLIS.....MANAGER, BOSTON DISTRICT
H. E. O'NEIL.....MANAGER, MANHATTAN DISTRICT
S. H. HUBER.....MANAGER, WILKES-BARRE DISTRICT
W. J. RAND, JR.....MANAGER, CHICAGO DISTRICT
C. E. MICKLER.....MANAGER, MINNEAPOLIS DISTRICT
W. M. SMITH.....MANAGER, ST. LOUIS DISTRICT
R. W. WEBER.....MANAGER, SAN FRANCISCO DISTRICT
L. J. HARRINGTON.....MANAGER, CANADIAN DISTRICT

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings On Sales	Net Earnings On Stock	Par Value
1912	631	$60,557,767	8.94%	$ 8.73	$100.
1913	684	$66,228,072	9.76%	$10.82	"
1914	737	$69,619,669	9.23%	$10.87	"
1915	805	$75,995,774	9.93%	$13.19	"
1916	920	$87,089,270	10.01%	$15.57	"
1917	1000	$98,102,857	9.43%	$16.72	"
1918	1039	$107,179,411	5.46%	$ 9.96	"
1919	1081	$119,496,107	7.89%	$17.11	"
1920	1111	$140,918,981	7.01%	$13.87†	"
1921	1137	$147,654,647	9.34%	$20.04	"
1922	1176	$167,319,265	10.95%	$27.11	"
1923	1260	$193,447.010	10.70%	$31.84	"
1924	1356	$215,501,187	9.59%	$ 7.95	$ 25.
1925	1423	$239,032,946	10.29%	$ 9.46	"
1926	1480	$253,645,124	11.12%	$10.85	"
1927	1581	$272,754,045	11.48%	$ 9.06†	"
1928	1725	$287,318,720	10.88%	$ 9.07	"
1929	1825	$303,047,172	10.43%	$ 3.66	$ 10.
1930	1881	$289,288,605	10.64%	$ 3.56	"
1931	1903	$282,669,576	10.01%	$ 4.24	"

†Stock dividend of 30 per cent paid in 1920.
†Stock dividend of 50 per cent paid in 1927.
'As the sales reported cover operations in U. S. A., Canada and Cuba only, the earnings on such sales for years 1927 to 1931, inclusive, have been refigured on the basis of income, excluding undistributed foreign earnings.'

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F. W. WOOLWORTH CO

REPORT FOR TWENTY-FIRST YEAR

1932

ASSETS

Current Assets		
Cash	$19,501,701.28	
Accounts Receivable	501,287.75	
Merchandise Inventories— (At Cost of Market whichever lower)	27,728,635.23	$47,731,624.26
Investments		
Majority Holding in Stock of F. W. Woolworth & Co., Ltd., England (Market Value $99,326,769.70)	24,324,143.47	
Company's Own Capital Stock, 46,382 Shares at Market Value	1,646,561.00	
Investment - F. W. Woolworth Co. G.m.b.H., Germany	6,398,933.33	
Sundry Securities	9,478.58	32,379,116.38
Mortgages Receivable		191,885.05
Deferred Charges		
Store and Office Supplies	812,153.53	
Prepaid Insurance and Sundry Items	973,287.09	1,785,440.62
Fixed Assets - At Cost		
Real Estate and Buildings Owned	$19,959,201.78	
Less: Reserve for depreciation	2,221,060.36	17,738,141.42
Buildings Owned and Improvements on Leased Premises to be amortized over periods of leases:		
Buildings	12,292,427.06	
Improvements	31,883,517.68	
	44,175,944.74	
Less: Amortization Charged in 1932	2,678,386.42	41,497,558.32
Furniture & Fixtures	37,872,260.83	
Less: Reserve for Depreciation	10,136,946.61	27,735,314.22 86,971,013.96
Goodwill		1.00
		$169,059,081.27

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F. W. WOOLWORTH CO

Including Domestic and Canadian Subsidiaries

Consolidated Balance Sheet as at December 31, 1932

LIABILITIES

Current Liabilities			
Accounts Payable	$ 277,282.32		
Accrued Interest & Real Estate Taxes	347,413.23		
Group Life Insurance Premiums....	190,184.00		
Reserve for Federal Income Taxes..	2,313,751.55	$ 3,128,631.10	
Reserve for Employees' Sick Benefit Fund			100,000.00
Purchase Money Mortgages			3,247,400.00
Capital Stock - Par Value $10.00			
20,000,000 Shares Authorized	200,000,000.00		
10,250,000 " Unissued	102,500,000.00		
9,750,000 " Outstanding			97,500,000.00
Earned Surplus - December 31, 1932			65,083,050.17
			$169,059,081.27

CERTIFICATE

To Stockholders of F. W. Woolworth Co

We have examined the accounts and records of F. W. Woolworth Co and the Canadian Subsidiary for the Year ended December 31, 1932 and reviewed the audited reports of foreign subsidiaries for the same period.

Cash was verified by count or by confirmation from the depositories. Securities were inspected. Inventories were accepted as furnished after a thorough test of prices, extensions, and totals. Full provision has been made for all unrealized losses on foreign exchange. Additions to Fixed Asset Accounts were examined and found to be correct charges thereto. Amortization and Depreciation of Fixed Assets were reduced during the year, mainly due to a change of policy; the provision for both Amortization and Depreciation appears to be adequate.

We hereby certify that, in our opinion, the annexed Balance Sheet, as compiled from the accounts of the corporations, reflects the true financial condition of F. W. Woolworth Co and Subsidiaries as at December 31, 1932 and that the relative Income Account correctly sets forth the Net Profit for the year ended on that date.

THE AUDIT COMPANY OF NEW YORK
R. G. RANKIN
President

New York,
January 23, 1933

Consolidated Income and Surplus Account

Sales - U. S. A., Canada and Cuba..		$249,892,861.31
Less: Cost of Sales and Expenses....		228,332,126.83
Net Profit from Operations		$ 21,560,734.48
Other Income		
Rental Income .....$	485,547.57	
Interest and Miscellaneous Income..	329,312.69	814,860.26
Income from Investments (At Current Rates of Exchange)		
Undistributed Current Earnings of Unconsolidated Foreign Subsidiaries. (Dividend Payable Feb. 1, 1933 applicable thereto—$2,057,390.96)	3,807,050.70	
Dividends Received	2,348,890.53	6,155,941.23
Net Income		28,531,535.97
Deduct:		
Depreciation - Buildings & Fixtures.	1,396,774.53	
Amortization - Buildings & Improvements on Leased Premises	2,678,386.42	
Provision for Federal Taxes	1,850,000.00	
Reduction in Market Value of Securities	208,719.00	
Unrealized Foreign Exchange Losses (Additionally, unrealized Foreign Exchange Losses of $2,460,737.06 have been deducted directly from Income from Investments)	296,650.81	6,430,530.76
Net Profit for the Year		22,101,005.21
Surplus Balance, January 1, 1932		67,853,122.22
		89,954,127.43
Deduct:		
Dividends - $2.40 per Share.....$	23,400,000.00	
Surplus Adjustments applicable to Prior Periods:		
Reduction in Market Value of Securities	692,914.79	
Foreign Exchange Losses.....	778,162.47	24,871,077.26
Surplus Balance, December 31, 1932		$65,083,050.17

B. D. MILLER,
President

A. L. CORNWELL,
Treasurer

OFFICERS

C. S. WOOLWORTH . . . . . Chairman Board of Directors
B. D. MILLER . . . . . President
F. M. KIRBY . . . . . Vice-President
A. L. CORNWELL . . . . . Vice-Pres. & Treas.
C. W. DEYO . . . . . Vice-President
PAUL HOFER, Jr. . . . . Secy. & Asst. Treas.
J. T. LEFTWICH . . . . . Asst. Secy. & Asst. Treas.

DIRECTORS

C. S. WOOLWORTH . . . . . Scranton, Pa.
B. D. MILLER . . . . . New York, N. Y.
F. M. KIRBY . . . . . Wilkes-Barre, Pa.
A. L. CORNWELL . . . . . New York, N. Y.
C. W. DEYO . . . . . Manager of Buying
R. L. CREIGHTON . . . . . Executive Office Representative
W. L. STEPHENSON, Managing Director, F. W. W. & Co., Ltd., Eng.
F. J. WECKESSER . . . . . Wilkes-Barre, Pa.
H. T. PARSON . . . . . New York, N. Y.
HELENA WOOLWORTH McCANN . . . . . New York, N. Y.
JESSIE WOOLWORTH DONAHUE . . . . . New York, N. Y.
SEYMOUR H. KNOX . . . . . Banker
EDWARD CORNELL . . . . . Attorney
PHILIP LEHMAN . . . . . Banker
ARTHUR SACHS . . . . . Banker
J. B. HOLLIS . . . . . Manager, Boston District
H. E. O'NEIL . . . . . Manager, Manhattan District
S. H. HUBER . . . . . Manager, Wilkes-Barre District
J. J. NORTON . . . . . Manager, Albany District
W. J. RAND, Jr. . . . . Manager, Chicago District
C. E. MICKLER . . . . . Manager, Minneapolis District
W. M. SMITH . . . . . Manager, St. Louis District
R. W. WEBER . . . . . Manager, San Francisco District
L. J. HARRINGTON . . . . . Manager, Canadian District

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
1912	631	$60,557,767	$ 8.73	$100.
1913	684	$66,228,072	$10.82	"
1914	737	$69,619,669	$10.87	"
1915	805	$75,995,774	$13.19	"
1916	920	$87,089,270	$15.57	"
1917	1000	$98,102,857	$16.72	"
1918	1039	$107,179,411	$ 9.96	"
1919	1081	$119,496,107	$17.11	"
1920	1111	$140,918,981	$13.87†	"
1921	1137	$147,654,647	$20.04	"
1922	1176	$167,319,265	$27.11	"
1923	1260	$193,447,010	$31.84	"
1924	1356	$215,501,187	$ 7.95	$ 25.
1925	1423	$239,032,946	$ 9.46	"
1926	1480	$253,645,124	$10.85	"
1927	1581	$272,754,045	$ 9.06†	"
1928	1725	$287,318,720	$ 9.07	"
1929	1825	$303,047,172	$ 3.66	$ 10.
1930	1881	$289,288,605	$ 3.56	"
1931	1903	$282,669,576	$ 4.24*	"
1932	1932	$249,892,861	$ 2.27	"

†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on Non-recurring income.

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C.S. WOOLWORTH, CHAIRMAN BOARD OF DIRECTORS
B.D. MILLER, PRESIDENT
F.M. KIRBY, VICE PRESIDENT
A.L. CORNWELL, VICE PRES. & TREAS.

EXECUTIVE OFFICE
WOOLWORTH BLDG., NEW YORK, N.Y.

DISTRICT OFFICES
ALBANY, N.Y. — MANHATTAN, N.Y.C.
ATLANTA, GA. — MINNEAPOLIS, MINN.
BOSTON, MASS. — PHILADELPHIA, PA.
CHICAGO, ILL. — ST. LOUIS, MO.
CLEVELAND, O. — SAN FRANCISCO, CAL.
DENVER, COL. — WILKES-BARRE, PA.

TO THE STOCKHOLDERS OF F. W

The Consolidated Ba
1932 is submitted herewith,
operating 1932 stores in U.

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C. S. WOOLWORTH,
CHAIRMAN BOARD OF DIRECTORS
B. D. MILLER, PRESIDENT
F. M. KIRBY, VICE PRESIDENT
A. L. CORNWELL, VICE PRES. & TREAS.

EXECUTIVE OFFICE
WOOLWORTH BLDG., NEW YORK, N.Y.

DISTRICT OFFICES
ALBANY, N.Y. MANHATTAN, N.Y.C.
ATLANTA, GA. MINNEAPOLIS, MINN.
BOSTON, MASS. PHILADELPHIA, PA.
CHICAGO, ILL. ST. LOUIS, MO.
CLEVELAND, O. SAN FRANCISCO, CAL.
DENVER, COL. WILKES-BARRE, PA.

CABLE ADDRESS, "CRONICON" NEW YORK

F. W. WOOLWORTH CO

EXECUTIVE OFFICE

WOOLWORTH BUILDING

NEW YORK

C. W. DEYO, VICE PRESIDENT
PAUL HOFER, JR., SECY. & ASST. TREAS.
J. T. LEFTWICH, ASST. SECY. – TREAS.
C. H. LOVELL, ASST. SECY.

FOREIGN COMPANIES
F. W. WOOLWORTH & CO LIMITED
LONDON, ENGLAND
F. W. WOOLWORTH CO OF FRANCE
PARIS, FRANCE
CALAIS, FRANCE
F. W. WOOLWORTH CO G.m.b.H.
BERLIN, GERMANY
F. W. WOOLWORTH CO LIMITED
TORONTO, CANADA

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January 23, 1933

TO THE STOCKHOLDERS OF F. W. WOOLWORTH CO

The Consolidated Balance Sheet and Income Account for the year 1932 is submitted herewith, which includes the following Companies operating 1932 stores in U. S. A., Canada and Cuba, and Warehouses in Germany and France:

F. W. Woolworth Co New York,
F. W. Woolworth Co Pennsylvania,
F. W. Woolworth Co Limited, Canada,
F. W. Woolworth Co of France.

The Company owns a majority stock interest in the following foreign Companies, which are not included in the consolidated balance sheet:

F. W. Woolworth & Co Limited, England, operating 486 stores.
F. W. Woolworth Co G.m.b.H., Germany, operating 77 stores.

INVESTMENTS:

The item of "Investments" has been subdivided in the balance sheet to show the details. The majority holdings of the stock of the English subsidiary is stated at book value, being $75,002,626.23 below the present market value of these shares. Our own Company's capital stock, acquired in 1931, is valued at market value as of December 31, 1932. Investment in the German subsidiary is shown at book value.

SALES:

Sales for the year, not including England and Germany, were $249,892,861.31 as compared with $282,669,576.12 in 1931, a decrease of 11.60%. Stores opened during the year contributed sales amounting to $1,866,727.72, or .74%. Sales were influenced by the general economic condition which has reduced the purchasing power of the public; also, because of lower costs, our selling prices on many lines have been reduced.

EXPENSE:

Expense reduction and control has received, and is continuing to receive, most serious attention, with the result that operating expenses were materially reduced and a further improvement will be effected in 1933. In line with this policy, two District Offices were

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closed as of January 1, 1933, and the control of the stores previously operated under those offices has been transferred to other offices. without loss of efficiency in operation.

INTEREST:

It will be noted that the item of "Interest and Miscellaneous Income" is considerably less than previous year, by reason of the fact that there has been excluded an inter-company charge, which does not influence the Net Profit.

AMORTIZATION:

The item "Amortization of Buildings and Improvements on Leased Premises" has been used as a deduction from Net Income. In prior years a comparable amount was included in the item of Expense.

FOREIGN EXCHANGE LOSSES:

Full provision has been made for all realized and unrealized foreign exchange losses at closing rates of exchange for the year. Losses applicable to 1932 on earnings and net current assets of the Canadian subsidiary, also dividends received from the European subsidiaries, and our proportion of their current earnings, have been deducted from Income for the year. Losses on Canadian net current assets applicable to period prior to this year have been adjusted through Surplus.

INCOME FROM UNCONSOLIDATED FOREIGN SUBSIDIARIES:

Income from Unconsolidated Foreign Subsidiaries, including cash dividends and undistributed earnings, is converted at current rate of exchange, as compared with par value of exchange in previous year.

To conform with English customs, our British subsidiary changed its dividend policy during the year. Formerly, before the incorporation of the present public Company, dividends were paid on a regular quarterly basis, whereas this year an interim dividend was paid in June and on February 1, 1933 a final dividend will be paid out of 1932 profits. This departure from previous practice reduces the amount of Cash on Hand at the close of the year, and, to the same extent, the amount of dividends received. It is, however, conversely reflected in the Income Account in the amount of our portion of the Undistributed Current Earnings of Unconsolidated Subsidiaries.

NET PROFIT:

The Net Profit for the year, after deducting $4,075,160.95 for amortization and depreciation and $2,757,387.87 for unrealized foreign exchange losses, is $22,101,005.21, or $2.27 per share on the 9,750,000 shares outstanding. The earnings for 1931 were $3.34 per share after deducting non-recurring income but before making any provision for foreign exchange losses.

DIVIDENDS:

Regular cash dividends at the rate of $2.40 per share par value $10.00, and amounting to $23,400,000., were paid during the year.

STOCKHOLDERS:

The number of stockholders increased 8,314 during the year, to a total of 41,138.

TWENTY-CENT MERCHANDISE LINE:

During the year your Company departed from its previous established price limit, and developed a line of new items to sell at a twenty-cent price, which met with the approval of our customers, as it enabled us to supply a larger proportion of their wants.

It is not the policy of the Company to extend the twenty-cent line to the detriment of the 5 and 10¢ line, as fundamentally the Company is in the 5 and 10¢ business and has every intention of continuing that policy. Furthermore, there is no intention of going beyond the 20¢ selling price. For years we have sold so-called combination items for 10¢ each piece, and the addition of the twenty-cent selling price makes it possible to eliminate combination prices.

MERCHANDISE STOCKS:

Merchandise stocks were reduced $3,723,671.15, as compared with previous year, which puts the Company in a favorable position regarding replacements at present-day costs.

CASH:

The finances of the Company are in a satisfactory liquid condition, having $19,501,701.28 Cash on Hand December 31st., and no bank or other loans now or during the year.

EXPANSION:

During the year 36 new stores were opened. The expansion policy for 1933 will be a conservative one, and will depend somewhat upon developments in business conditions.

CONCLUSION:

Owing to the abnormal conditions during the past year, your Company has had to meet many unusual and difficult problems, during which no efforts have been spared to increase efficiency of operations, and from the experience gained we feel that our organization has been strengthened and we can look toward the future with the utmost confidence.

By Order of the Board of Directors.

C. S. Woolworth
CHAIRMAN

B. D. Miller
PRESIDENT

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F. W. WOOLWORTH CO

REPORT FOR TWENTY-SECOND YEAR

1933

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ASSETS

Current Assets			
Cash		$22,050,346.48	
Accounts Receivable		1,099,996.97	
Merchandise Inventories— (At Cost or Market, whichever lower)		35,424,197.91	$58,574,541.36
Investments			
Majority Holding in Stock of F. W. Woolworth & Co., Ltd., England (Market Value $192,546,041.72)		23,187,410.39	
Investment - F. W. Woolworth Co. G.m.b.H., Germany		7,091,562.32	
Company's Own Capital Stock, 46,384 Shares (Market Value $2,006,108.00)		1,646,630.32	
Sundry Securities		100,051.04	32,025,654.07
Mortgages Receivable			315,716.48
Deferred Charges			
Store and Office Supplies		855,628.42	
Prepaid Insurance and Sundry Items		710,020.76	
Unamortized Balances in Closed Banks (less Reserve of $90,000)		392,399.28	1,958,048.46
Fixed Assets - At Cost			
Real Estate and Buildings Owned	$20,887,053.63		
Less: Reserve for depreciation	2,464,316.93	18,422,736.70	
Buildings Owned and Improvements on Leased Premises to be amortized over Periods of Leases:			
Buildings	11,808,908.05		
Improvements	29,984,153.49		
	41,793,061.54		
Less: Amortization Charged in 1933	2,799,050.44	38,994,011.10	
Furniture & Fixtures	38,097,955.34		
Less: Reserve for depreciation	10,758,605.68	27,339,349.66	84,756,097.46
Goodwill			1.00
			$177,630,058.83

F. W. WOOLWORTH CO

Including Domestic and Canadian Subsidiaries

Consolidated Balance Sheet as at December 31, 1933

LIABILITIES

Current Liabilities		
Accounts Payable and Accruals	$ 575,149.56	
Group Life Insurance Premiums	192,834.00	
Reserve for Federal Taxes	3,196,657.78	$ 3,964,641.34
Reserve for Foreign Exchange Losses		300,000.00
Reserve for Employees' Sick Benefit Fund		100,000.00
Purchase Money Mortgages		3,309,600.00
Capital Stock - Par Value $10.00		
20,000,000 Shares Authorized	200,000,000.00	
10,250,000 " Unissued	102,500,000.00	
9,750,000 " Issued		97,500,000.00
Earned Surplus - December 31, 1933		72,455,817.49
		$177,630,058.83

CERTIFICATE

To Stockholders of F. W. Woolworth Co

We have made an examination of the Consolidated Balance Sheet of F. W. Woolworth Co. and the Canadian Subsidiary as at December 31, 1933, *and of the Statement of Consolidated Income and Surplus for the year* 1933. *We reviewed the audited reports of foreign Subsidiaries for the same period. In connection with our examination, we examined or tested accounting records of the Company and Subsidiary, and other supporting evidence and obtained information and explanations from officers and employees of the Company and Subsidiary; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.*

In our opinion, based upon such examination, the accompanying Consolidated Balance Sheet and related Consolidated Statement of Income and Surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the Company and Subsidiary during the year under review, the consolidated position at December 31, 1933, *and the results of operations for the year.*

R. G. RANKIN & Co.
Certified Public Accountants

New York,
January 24, 1934

Consolidated Statement of Income and Surplus

For the Year Ended December 31, 1933

Sales - U. S. A., Canada and Cuba		$250,516,527.86
Less: Cost of Sales and Expenses		223,353,656.19
Net Profit from Operations		27,162,871.67
Other Income		
Rental Income	$ 420,899.44	
Interest and Miscellaneous Income	299,538.53	
Realized Profit on Foreign Exchange	449,977.68	1,170,415.65
Income from Investments		
Undistributed Current Earnings of Unconsolidated Foreign Subsidiaries- (At Parity of Exchange)	3,782,934.98	
Dividends Received	4,019,244.38	7,802,179.36
		36,135,466.68
Deduct:		
Depreciation - Buildings & Fixtures	1,470,531.65	
Amortization - Buildings & Improvements on Leased Premises	2,799,050.44	
Provision for Federal Income and Capital Stock Taxes	3,175,000.00	7,444,582.09
Net Income before Non-Recurring Profit		28,690,884.59
Add:		
Profit from Sale of Stock of F. W. Woolworth & Co., Ltd., England		1,970,561.13
Net Income for the Year, Transferred to Surplus		30,661,445.72
Surplus Balance, January 1, 1933		65,083,050.17
		95,744,495.89
Deduct:		
Dividends - $2.40 per Share	$23,400,000.00	
Less: Dividends on Company's Own Shares	111,321.60	23,288,678.40
Surplus Balance, December 31, 1933		$72,455,817.49

B. D. MILLER, *President*

A. L. CORNWELL, *Treasurer*

OFFICERS

C. S. WOOLWORTH . . . . . Chairman Board of Directors
B. D. MILLER . . . . . President
F. M. KIRBY . . . . . Vice-President
A. L. CORNWELL . . . . . Vice-Pres. & Treas.
C. W. DEYO . . . . . Vice-President
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J. T. LEFTWICH . . . . . Asst. Secy. & Asst. Treas.

DIRECTORS

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R. L. CREIGHTON . . . . . Executive Office Representative
W. L. STEPHENSON, Managing Director, F. W. W. & Co., Ltd., Eng.
F. J. WECKESSER . . . . . Wilkes-Barre, Pa.
H. T. PARSON . . . . . New York, N. Y.
HELENA WOOLWORTH McCANN . . . . . New York, N. Y.
JESSIE WOOLWORTH DONAHUE . . . . . New York, N. Y.
SEYMOUR H. KNOX . . . . . Banker
EDWARD CORNELL . . . . . Attorney
PHILIP LEHMAN . . . . . Banker
ARTHUR SACHS . . . . . Banker
J. B. HOLLIS . . . . . Manager, Boston District
H. E. O'NEIL . . . . . Manager, Manhattan District
S. H. HUBER . . . . . Manager, Wilkes-Barre District
J. J. NORTON . . . . . Manager, Albany District
W. J. RAND, Jr. . . . . Manager, Chicago District
C. E. MICKLER . . . . . Manager, Minneapolis District
W. M. SMITH . . . . . Manager, St. Louis District
R. W. WEBER . . . . . Manager, San Francisco District
L. J. HARRINGTON . . . . . Manager, Canadian District

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
1912	631	$60,557,767	$ 8.73	$100.
1913	684	$66,228,072	$10.82	"
1914	737	$69,619,669	$10.87	"
1915	805	$75,995,774	$13.19	"
1916	920	$87,089,270	$15.57	"
1917	1000	$98,102,857	$16.72	"
1918	1039	$107,179,411	$ 9.96	"
1919	1081	$119,496,107	$17.11	"
1920	1111	$140,918,981	$13.87†	"
1921	1137	$147,654,647	$20.04	"
1922	1176	$167,319,265	$27.11	"
1923	1260	$193,447,010	$31.84	"
1924	1356	$215,501,187	$ 7.95	$ 25.
1925	1423	$239,032,946	$ 9.46	"
1926	1480	$253,645,124	$10.85	"
1927	1581	$272,754,045	$ 9.06†	"
1928	1725	$287,318,720	$ 9.07	"
1929	1825	$303,047,172	$ 3.66	$ 10.
1930	1881	$289,288,605	$ 3.56	"
1931	1903	$282,669,576	$ 4.24*	"
1932	1932	$249,892,861	$ 2.27	"
1933	1941	$250,516,527	$ 2.94	"

†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on Non-recurring income.

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F. W. WOOLWORTH CO

REPORT FOR TWENTY-THIRD YEAR

1934

ASSETS

Current Assets			
Cash		$21,700,962.50	
Accounts and Notes Receivable		840,829.50	
Merchandise Inventories—(At Cost or Market, whichever lower)		38,132,077.42	$60,673,869.42
Investments			
Majority Holding in Stock of F. W. Woolworth & Co., Ltd., London, England, converted at $3.3325 (Market Value $224,166,778.59)		26,345,672.92	
Invesment - F. W. Woolworth Co. G.m.b.H., Germany, converted at $.2532		7,972,618.69	
Company's Own Capital Stock, 46,386-½ Shares (Market Value $2,504,871.00)		1,646,755.31	
Sundry Securities		301,119.20	36,266,166.12
Mortgages Receivable			2,237,997.17
Deferred Charges			
Store and Office Supplies		898,191.54	
Prepaid Insurance and Sundry Items		1,035,842.26	1,934,033.80
Fixed Assets - At Cost			
Real Estate and Buildings Owned	$20,916,859.82		
Less: Reserve for Depreciation	2,722,766.90	18,194,092.92	
Buildings Owned and Improvements on Leased Premises to be amortized over Periods of Leases:			
Buildings	11,508,535.89		
Improvements	29,542,535.49		
	41,051,071.38		
Less: Amortization Charge for 1934	3,063,126.20	37,987,945.18	
Furniture & Fixtures	38,662,738.81		
Less: Reserve for Depreciation	11,174,397.48	27,488,341.33	83,670,379.43
Goodwill			1.00
			$184,782,446.94

OFFICERS

C. S. WOOLWORTH . . . . . CHAIRMAN BOARD OF DIRECTORS
B. D. MILLER . . . . . PRESIDENT
F. M. KIRBY . . . . . VICE-PRESIDENT
A. L. CORNWELL . . . . . VICE-PRES. & TREAS.
C. W. DEYO . . . . . VICE-PRESIDENT
PAUL HOFER, JR. . . . . SECY. & ASST. TREAS.
J. T. LEFTWICH . . . . . ASST. SECY. & ASST. TREAS.

DIRECTORS

C. S. WOOLWORTH . . . . . SCRANTON, PA.
B. D. MILLER . . . . . NEW YORK, N. Y.
F. M. KIRBY . . . . . WILKES-BARRE, PA.
A. L. CORNWELL . . . . . NEW YORK, N. Y.
C. W. DEYO . . . . . NEW YORK, N. Y.
R. L. CREIGHTON . . . . . EXECUTIVE OFFICE REPRESENTATIVE
W. L. STEPHENSON, MANAGING DIRECTOR, F. W. W. & CO., LTD., ENG.
F. J. WECKESSER . . . . . WILKES-BARRE, PA.
H. T. PARSON . . . . . NEW YORK, N. Y.
HELENA WOOLWORTH MCCANN . . . . . NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE . . . . . NEW YORK, N. Y.
SEYMOUR H. KNOX . . . . . BANKER
EDWARD CORNELL . . . . . ATTORNEY
PHILIP LEHMAN . . . . . BANKER
ARTHUR SACHS . . . . . BANKER
FREMONT C. PECK . . . . . BROOKLYN, N. Y.
J. B. HOLLIS . . . . . MANAGER, BOSTON DISTRICT
H. E. O'NEIL . . . . . MANAGER, MANHATTAN DISTRICT
S. H. HUBER . . . . . MANAGER, WILKES-BARRE DISTRICT
J. J. NORTON . . . . . MANAGER, ALBANY DISTRICT
W. J. RAND, JR. . . . . MANAGER, CHICAGO DISTRICT
W. M. SMITH . . . . . MANAGER, ST. LOUIS DISTRICT
R. W. WEBER . . . . . MANAGER, SAN FRANCISCO DISTRICT
L. J. HARRINGTON . . . . . MANAGER, CANADIAN DISTRICT

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
1912	631	$60,557,767	$ 8.73	$100.
1913	684	$66,228,072	$10.82	"
1914	737	$69,619,669	$10.87	"
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1916	920	$87,089,270	$15.57	"
1917	1000	$98,102,857	$16.72	"
1918	1039	$107,179,411	$ 9.96	"
1919	1081	$119,496,107	$17.11	"
1920	1111	$140,918,981	$13.87†	"
1921	1137	$147,654,647	$20.04	"
1922	1176	$167,319,265	$27.11	"
1923	1260	$193,447,010	$31.84	"
1924	1356	$215,501,187	$ 7.95	$ 25.
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1926	1480	$253,645,124	$10.85	"
1927	1581	$272,754,045	$ 9.06†	"
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1929	1825	$303,047,172	$ 3.66	$ 10.
1930	1881	$289,288,605	$ 3.56	"
1931	1903	$282,669,576	$ 4.24*	"
1932	1932	$249,892,861	$ 2.27	"
1933	1941	$250,516,527	$ 2.94	"
1934	1957	$270,684,797	$ 3.30	"

†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on Non-recurring income.

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F. W. WOOLWORTH CO.

REPORT FOR TWENTY-FOURTH YEAR

1935

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ASSETS

Current Assets			
Cash		$21,771,580.08	
Accounts Receivable		686,074.09	
Merchandise Inventories—(At Cost or Market, whichever lower)		38,675,694.43	$61,133,348.60
Investments			
Majority Holding in Stock of F. W. Woolworth & Co., Ltd., London, England, converted at $4.63 (Market Value $228,106,976.90)		30,368,216.80	
Investment - F. W. Woolworth Co., G.m.b.H., Germany, converted at $.2510		8,898,583.59	
Company's Own Capital Stock, 46,387 Shares (Market Value $2,586,075.25)		1,646,781.31	
Sundry Securities		197,797.17	41,111,378.87
Mortgages Receivable			2,678,982.32
Deferred Charges			
Store and Office Supplies		897,021.65	
Prepaid Insurance and Sundry Items.		1,248,857.32	
Foreign Funds - restricted		481,631.78	2,627,510.75
Fixed Assets - At Cost			
Real Estate and Buildings Owned	$22,180,027.10		
Less: Reserve for Depreciation	2,983,752.79	19,196,274.31	
Buildings Owned and Improvements on Leased Premises to be amortized over Periods of Leases:			
Buildings	11,557,764.46		
Improvements	28,945,842.27		
	40,503,606.73		
Less: Amortization Charge for 1935	3,150,292.44	37,353,314.29	
Furniture & Fixtures	39,709,766.70		
Less: Reserve for Depreciation	11,529,283.64	28,180,483.06	84,730,071.66
Goodwill			1.00
			$192,281,293.20

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OFFICERS

C. S. WOOLWORTH . . . . . Chairman Board of Directors
C. W. DEYO . . . . . President
F. M. KIRBY . . . . . Vice-President
A. L. CORNWELL . . . . . Vice-Pres. & Treas.
PAUL HOFER, Jr. . . . . Secy. & Asst. Treas.
J. T. LEFTWICH . . . . . Asst. Secy. & Asst. Treas.
C. H. LOVELL . . . . . Asst. Secy.

DIRECTORS

C. S. WOOLWORTH . . . . . Scranton, Pa.
C. W. DEYO . . . . . New York, N. Y.
F. M. KIRBY . . . . . Wilkes-Barre, Pa.
A. L. CORNWELL . . . . . New York, N. Y.
E. C. MAUCHLY . . . . . New York, N. Y.
R. L. CREIGHTON . . . . . New York, N. Y.
W. L. STEPHENSON, Managing Director, F. W. W. & Co., Ltd., Eng.
B. D. MILLER . . . . . Falmouth, Me.
F. J. WECKESSER . . . . . Wilkes-Barre, Pa.
H. T. PARSON . . . . . New York, N. Y.
HELENA WOOLWORTH McCANN . . . . . New York, N. Y.
JESSIE WOOLWORTH DONAHUE . . . . . New York, N. Y.
SEYMOUR H. KNOX . . . . . Banker
EDWARD CORNELL . . . . . Attorney
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FREMONT C. PECK . . . . . Brooklyn, N. Y.
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S. H. HUBER . . . . . Manager, Philadelphia District
J. J. NORTON . . . . . Manager, Albany District
W. J. RAND, Jr. . . . . Manager, Chicago District
R. W. WEBER . . . . . Manager, San Francisco District
L. J. HARRINGTON . . . . . Manager, Canadian District

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
1912	631	$60,557,767	$ 8.73	$100.
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1918	1039	$107,179,411	$ 9.96	"
1919	1081	$119,496,107	$17.11	"
1920	1111	$140,918,981	$13.87†	"
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1922	1176	$167,319,265	$27.11	"
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1929	1825	$303,047,172	$ 3.66	$ 10.
1930	1881	$289,288,605	$ 3.56	"
1931	1903	$282,669,576	$ 4.24*	"
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1933	1941	$250,516,527	$ 2.94	"
1934	1957	$270,684,797	$ 3.30	"
1935	1980	$268,750,483	$ 3.20	"

†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on Non-recurring income.

1935

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F. W. WOOLWORTH CO.

REPORT FOR TWENTY-FIFTH YEAR

1936

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ASSETS

Current Assets			
Cash		$13,747,220.65	
Accounts Receivable		735,945.13	
Merchandise Inventories— (At Cost or Market, whichever lower)		43,297,493.84	
Merchandise in Transit (At Cost)		943,642.11	$58,724.301.73
Investments			
Majority Holding in Stock of F. W. Woolworth & Co., Ltd., London, England, converted at $4.6529 (Market Value $352,880,935.68)		33,802,309.52	
Investment—F. W. Woolworth Co., G.m.b.H., Germany, converted at $.2491		10,431,316.71	
Company's Own Capital Stock, 46,387 Shares (Market Value $2,922,381.00)		1,646,780.13	
Sundry Securities		114,964.40	45,995,370.76
Mortgages Receivable			2,666,532.36
Deferred Charges			
Store and Office Supplies		937,012.13	
Prepaid Insurance and Sundry Items		839,217.30	
Foreign Funds—Restricted		734,543.30	2,510,772.73
Fixed Assets - (At Cost)			
Real Estate and Buildings Owned	$24,884,762.61		
Less: Reserve for Depreciation	3,266,732.67	21,618,029.94	
Buildings Owned and Improvements on Leased Premises to be amortized over Periods of Leases:			
Buildings	11,537,683.06		
Improvements	32,470,071.08		
	44,007,754.14		
Less: Amortization Charge for 1936	3,486,520.26	40,521,233.88	
Furniture & Fixtures	42,426,675.39		
Less: Reserve for Depreciation	11,571,673.49	30,855,001.90	92,994,265.72
Goodwill			1.00
			$202,891,244.30

OFFICERS

C. S. WOOLWORTH	CHAIRMAN BOARD OF DIRECTORS
C. W. DEYO	PRESIDENT
F. M. KIRBY	VICE-PRESIDENT
A. L. CORNWELL	VICE-PRES. & TREAS.
E. C. MAUCHLY	VICE-PRESIDENT
PAUL HOFER, JR.	SECY. & ASST. TREAS.
J. T. LEFTWICH	ASST. SECY. & ASST. TREAS.
C. H. LOVELL	ASST. SECY.

DIRECTORS

C. S. WOOLWORTH	SCRANTON, PA.
C. W. DEYO	NEW YORK, N. Y.
F. M. KIRBY	WILKES-BARRE, PA.
A. L. CORNWELL	NEW YORK, N. Y.
E. C. MAUCHLY	NEW YORK, N. Y.
R. L. CREIGHTON	NEW YORK, N. Y.
W. L. STEPHENSON, MANAGING DIRECTOR, F. W. W. & CO., LTD., ENG.	
B. D. MILLER	FALMOUTH, ME.
F. J. WECKESSER	WILKES-BARRE, PA.
H. T. PARSON	NEW YORK, N. Y.
HELENA WOOLWORTH McCANN	NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE	NEW YORK, N. Y.
SEYMOUR H. KNOX	BANKER
EDWARD CORNELL	ATTORNEY
PHILIP LEHMAN	BANKER
ARTHUR SACHS	BANKER
FREMONT C. PECK	BROOKLYN, N. Y.
J. B. HOLLIS	MANAGER, BOSTON DISTRICT
H. E. O'NEIL	MANAGER, MANHATTAN DISTRICT
S. H. HUBER	MANAGER, PHILADELPHIA DISTRICT
J. J. NORTON	MANAGER, ALBANY DISTRICT
W. J. RAND, JR.	MANAGER, CHICAGO DISTRICT
R. W. WEBER	MANAGER, SAN FRANCISCO DISTRICT
L. J. HARRINGTON	MANAGER, CANADIAN DISTRICT

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COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
1912	631	$60,557,767	$ 8.73	$100.
1913	684	$66,228,072	$10.82	"
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1918	1039	$107,179,411	$ 9.96	"
1919	1081	$119,496,107	$17.11	"
1920	1111	$140,918,981	$13.87†	"
1921	1137	$147,654,647	$20.04	"
1922	1176	$167,319,265	$27.11	"
1923	1260	$193,447,010	$31.84	"
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1928	1725	$287,318,720	$ 9.07	"
1929	1825	$303,047,172	$ 3.66	$ 10.
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1931	1903	$282,669,576	$ 4.24*	"
1932	1932	$249,892,861	$ 2.27	"
1933	1941	$250,516,527	$ 2.94	"
1934	1957	$270,684,797	$ 3.30	"
1935	1980	$268,750,483	$ 3.20	"
1936	1998	$290,386,935	$ 3.35	"

†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on Non-recurring income.

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F. W. WOOLWORTH CO.

REPORT FOR TWENTY-SIXTH YEAR

1937

ASSETS

Current Assets		
Cash	$19,082,727.32	
Accounts Receivable	669,095.15	
Merchandise Inventories—(At Cost or Market, whichever lower)	44,723,703.29	
Merchandise in Transit (At Cost)	839,283.14	$65,314,808.90
Investments		
Majority Holding in Stock of F. W. Woolworth & Co., Ltd., England, average conversion rate $4.6666 (Market Value $271,599,539.79)	36,236,303.00	
Investment—F. W. Woolworth Co., G.m.b.H., Germany, average conversion rate $.2479	11,662,250.41	
Company's Own Capital Stock, 46,388 Shares (Market Value $1,693,162.00)	1,646,827.01	
Sundry Securities	157,344.00	49,702,724.42
Mortgages Receivable		2,680,598.25
Prepaid, Deferred and Other Items		
Store and Office Supplies	1,004,668.27	
Prepaid Insurance and Sundry Items	1,361,308.43	
Foreign Funds—Restricted	804,768.86	3,170,745.56
Fixed Assets - (At Cost)		
Real Estate and Buildings $27,897,682.90		
Less: Reserve for Depreciation 3,583,282.56	24,314,400.34	
Improvements on Leased Premises to be amortized over Periods of Leases:		
Buildings 12,334,069.55		
Improvements 35,224,686.30		
47,558,755.85		
Less: Amortization Charge for 1937 3,712,323.55	43,846,432.30	
Furniture & Fixtures 45,857,427.77		
Less: Reserve for Depreciation 11,498,348.86	34,359,078.91	102,519,911.55
Goodwill		1.00
		$223,388,789.68

OFFICERS

C. S. WOOLWORTH	CHAIRMAN BOARD OF DIRECTORS
C. W. DEYO	PRESIDENT
F. M. KIRBY	VICE-PRESIDENT
A. L. CORNWELL	VICE-PRES. & TREAS.
E. C. MAUCHLY	VICE-PRESIDENT
PAUL HOFER, JR.	SECY. & ASST. TREAS.
J. T. LEFTWICH	ASST. SECY. & ASST. TREAS.
C. H. LOVELL	ASST. SECY.

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C. W. DEYO	NEW YORK, N. Y.
F. M. KIRBY	WILKES-BARRE, PA.
A. L. CORNWELL	NEW YORK, N. Y.
E. C. MAUCHLY	NEW YORK, N. Y.
G. F. TERPENNING	NEW YORK, N. Y.
W. L. STEPHENSON, MANAGING DIRECTOR, F. W. W. & CO., LTD., ENG.	
B. D. MILLER	FALMOUTH, ME.
F. J. WECKESSER	WILKES-BARRE, PA.
H. T. PARSON	NEW YORK, N. Y.
HELENA WOOLWORTH McCANN	NEW YORK, N. Y.
JESSIE WOOLWORTH DONAHUE	NEW YORK, N. Y.
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EDWARD CORNELL	ATTORNEY
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ARTHUR SACHS	BANKER
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H. E O'NEIL	MANAGER, MANHATTAN DISTRICT
S. H. HUBER	MANAGER, PHILADELPHIA DISTRICT
W. J. RAND, JR.	MANAGER, CHICAGO DISTRICT
R. W. WEBER	MANAGER, SAN FRANCISCO DISTRICT
L. J. HARRINGTON	MANAGER, CANADIAN DISTRICT

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
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1933	1941	$250,516,527	$ 2.94	"
1934	1957	$270,684,797	$ 3.30	"
1935	1980	$268,750,483	$ 3.20	"
1936	1998	$290,386,935	$ 3.35	"
1937	2010	$304,774,655	$ 3.40	"

†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on Non-recurring income.

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F. W. WOOLWORTH CO.

ANNUAL REPORT

1938

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F. W. WOOLWORTH CO.

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NEW YORK, N. Y.

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A. L. CORNWELL	VICE-PRES. & TREAS.
E. C. MAUCHLY	VICE-PRESIDENT
PAUL HOFER, JR.	SECY. & ASST. TREAS.
J. T. LEFTWICH	ASST. SECY. & ASST. TREAS.
C. H. LOVELL	ASST. SECY.

DIRECTORS

C. S. WOOLWORTH	OFFICER
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F. M. KIRBY	OFFICER
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E. C. MAUCHLY	OFFICER
PAUL HOFER, JR.	OFFICER
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F. R. COLE	MERCHANDISE SUPERVISOR
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F. J. WECKESSER	MEMBER, EXECUTIVE COMMITTEE
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TRANSFER AGENT

CITY BANK, FARMERS TRUST CO.

22 WILLIAM STREET
NEW YORK, N. Y.

REGISTRAR

NATIONAL CITY BANK

55 WALL STREET
NEW YORK, N. Y.

ANNUAL MEETING OF STOCKHOLDERS
ON THIRD WEDNESDAY IN MAY

CABLE ADDRESS – CRONICON, NEW YORK

To Our Stockholders:

The Consolidated Balance Sheet of your Company as at December 31, 1938 and Statement of Income for the year 1938, which include the Canadian subsidiary, are submitted herewith. The Balance Sheet shows only our investment in the British subsidiary at book value; while the Statement of Income includes dividends received from and our interest in the undistributed earnings of that Company. Because of continued foreign exchange restrictions, the unrealized portion of dividend paid by the German subsidiary and our interest in its undistributed earnings have not been included in the Statement of Income for 1938. Our investment in the German Company is carried in the Balance Sheet at the same book value as at the end of 1937.

Sales for the year amounted to $304,304,741.57, which is a decrease of $469,914.09, as compared with previous year. Business conditions improved somewhat during the latter part of the year, with the result that sales for the month of December amounted to $50,379,-087.34, which was the largest monthly sales in the history of the Company, but was not sufficient to overcome the decrease in sales sustained earlier in the year. It is the hope of the management that this is an indication of an upward trend for the year 1939.

Net Income for the year, after provision of $10,-482,002.18 for amortization, depreciation and reserve for Federal taxes, amounted to $28,584,944.14, or $2.95 per share on 9,703,610 shares outstanding. Net Income

for 1937 was $33,176,509.37. The decrease in income is accounted for by increased expense, the larger part of which was wages to store employees and taxes, and also by the omission of income from the German subsidiary for 1938 as previously referred to in this letter. The British and German subsidiaries report increased earnings for the year.

Cash dividends aggregating $23,400,000. were paid during the year, which represented quarterly payments of 60¢ per share each, on the 1st of March, June, September and December. The consistent dividend record of the Company is shown on a graph appearing elsewhere in this report, which also shows the net earnings for the past ten years. The earnings, of course, are not all available for dividends as a portion must be reinvested in the business to insure continued growth. A graph is also submitted herewith showing the number of stockholders during the past ten years.

The Company continues to maintain a strong financial position. Cash on Hand amounted to $22,492,690.80 as compared with $19,082,727.32 at end of 1937, the increase being principally due to a lesser investment in merchandise stocks. This is a satisfactory condition, as it permits the replacement of stocks with new and improved merchandise at current prices. Owing to the effort by our buyers to constantly improve articles carried in the stores, and the Company's efficient system of distribution, it is believed that the merchandise on the store counters represents outstanding values. It is the policy of the management to give preference to

American-made goods, with the result that over 99% of merchandise sold in the U. S. A. stores in 1938 was purchased from American manufacturers.

Employees in stores and offices as of December 31, 1938 whose term of service exceeded five years numbered 13,627. The Company continues its policy of giving Christmas bonuses, and vacations up to two weeks with pay, depending upon term of service. There is also available a sick-benefit fund at no cost to employees.

There were 2015 stores in operation in the United States, Canada and Cuba at the end of the year, as compared with 2010 at the beginning of the year. The British Company had 737 stores, an increase of 26, and the German Company 82. It is the policy of the management to open new stores as desirable locations are available, and to continue the program of enlargement and improvement of stores as and when conditions justify.

The wholly owned Pennsylvania subsidiary was merged with the parent Company (a New York Corporation) at the end of the year to simplify the corporate structure and secure the benefit of a saving in taxes and other expenses. The original reason for a separate existence of the Pennsylvania subsidiary was on account of certain restrictive state statutes which no longer exist. Hereafter, all stores, also real and personal property located in the United States and Cuba, will be owned and operated solely by the New York Corporation.

It is the consistent policy of the Company to protect the investment of the stockholders, promote the welfare of employees and make excellent values available to customers. The management expresses its sincere appreciation of the continued cooperation and loyalty of executives and employees during the past year.

Respectfully submitted,

C. S. Woolworth

Chairman of the Board

President

F. W. WO

and C

Consolidated Balance

ASSETS

Current Assets			
Cash		$22,492,690.80	
Accounts and Other Receivables		713,733.44	
Merchandise Inventories — Cost or Market whichever is lower		41,570,669.46	
Merchandise in Transit — At Cost		908,033.41	$ 65,685,127.11
Investments			
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England, average conversion rate $4.6647 (Market Value $208,894,899.)		39,080,646.21	
Majority interest in F. W. Woolworth Co. G.m.b.H., Germany, average conversion rate $.2479		11,662,250.41	
Mortgages Receivable		1,404,267.40	
Other Securities—Cost, less Reserve		205,633.60	52,352,797.62
Fixed Assets—At Cost			
Real Estate and Buildings	$28,747,983.45		
Less: Reserve for Depreciation, Buildings	3,868,564.36	24,879,419.09	
Furniture, Fixtures and Equipment	48,645,786.51		
Less: Reserve for Depreciation	11,642,140.46	37,003,646.05	61,883,065.14
Leaseholds and Alterations — Unamortized Cost			
Buildings on Leased Ground		14,310,574.48	
Alterations to Leased and Owned Buildings and Store Organization Expenses		36,331,545.96	
		50,642,120.44	
Less: Amortization for 1938		3,925,282.88	46,716,837.56
Prepaid, Deferred and Other Items			
Store and Office Supplies		1,006,116.12	
Prepaid Insurance, etc.		1,358,016.13	
Restricted Funds and Government Bonds (Germany)		612,631.47	2,976,763.72
Goodwill			1.00
			$229,614,592.15

RTH CO.

iary

December 31, 1938

LIABILITIES AND CAPITAL

Current Liabilities			
Accounts Payable and Accruals		$ 5,168,286.04	
Mortgage Payments—Due in 1939		27,600.00	
Accrued Interest on Debentures		137,500.00	
Reserve for Income and Capital Stock Taxes		4,433,116.55	$ 9,766,502.59
Long-Term Debt			
Ten Year 3% Sinking Fund Debentures due July 15, 1947		10,000,000.00	
Purchase Money Mortgages		2,532,825.00	12,532,825.00
Reserves			
For Employees' Sick Benefits		100,000.00	
For Foreign Exchange Losses		600,000.00	700,000.00
Capital Stock—Par Value $10. per Share			
Authorized	20,000,000 Shares	200,000,000.00	
Unissued	10,250,000 Shares	102,500,000.00	
Issued (of which 46,390 Shares are held in Treasury)	9,750,000 Shares		97,500,000.00
Earned Surplus			
Balance, January 1, 1938		105,786,838.47	
Net Income for Year ended December 31, 1938		28,584,944.14	
		134,371,782.61	
Less:			
Quarterly Dividends of $.60 per Share on Outstanding Stock	$23,288,665.80		
Transfer to Reserve for Foreign Exchange Losses	320,936.99	23,609,602.79	
		110,762,179.82	
Less: Ledger Value (Cost less $901,633.79 previously charged to Surplus) of 46,390 Shares of Treasury Stock		1,646,915.26	
Balance, December 31, 1938			109,115,264.56
			$229,614,592.15

F. W. WOOLWORTH CO.

and Domestic and Canadian Subsidiaries

Statement of Consolidated Income for the Year Ended December 31, 1938

Sales—U. S. A., Canada and Cuba.....		$304,304,741.57
Less: Cost of Sales and Expenses.....		277,514,449.59
Net Profit from Operations.....		26,790,291.98
Other Income		
Rental Income .....$	711,491.85	
Interest and Miscellaneous Income.....	307,827.75	
Dividends of F. W. Woolworth & Co., Ltd. (Stated at dollar equivalent on payment dates)	8,824,644.92	
Realized Portion of Dividend of F. W. Woolworth Co., G.m.b.H.....	36,958.08	9,880,922.60
Proportion of Undistributed Earnings of F. W. Woolworth & Co., Ltd., converted at $4.6398		2,848,679.76
		39,519,894.34
Deduct		
Depreciation of Buildings and Fixtures..	2,366,719.30	
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	3,925,282.88	
Interest on Debentures	300,000.00	
Provision for Income and Capital Stock Taxes	4,190,000.00	
Foreign Exchange Loss, Net.....	152,948.02	10,934,950.20
Net Income for Year, Transferred to Surplus		$ 28,584,944.14

NOTE: Unrealized Dividends and Undistributed Earnings of F. W. Woolworth Co., G.m.b.H. (Germany) have been excluded in the foregoing statement on account of continued foreign exchange restrictions. The items omitted, if converted on the same basis as in previous years ($.2382), would amount to $1,992,399.27.

CERTIFICATE

To the Stockholders of F. W. Woolworth Co.:

We have made an examination of the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1938, and of the Statement of Consolidated Income of the Company and its domestic and Canadian subsidiaries for the year ended on that date. In connection therewith, we have examined or tested accounting records of the domestic companies and other supporting evidence, and have also made a general review of the accounting methods and of the operating and income accounts for the period, but we have not made a detailed audit of all transactions. The companies' accounts have been consistently maintained in accordance with accepted accounting principles and all information and explanations desired were furnished.

We have examined and accepted financial statements of the Canadian subsidiary certified by independent auditors and the accounts have been taken in consolidation on a dollar for dollar basis. Independent auditors have confirmed the Surplus and Earnings of the non-consolidated foreign subsidiaries: which accounts, together with the investment accounts, have been taken up and converted as noted on the accompanying statements.

In our opinion, based upon such examination, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of the Company and its subsidiary as at December 31, 1938 and the results of operations for the year ended on that date.

R. G. Rankin & Co.
Certified Public Accountants

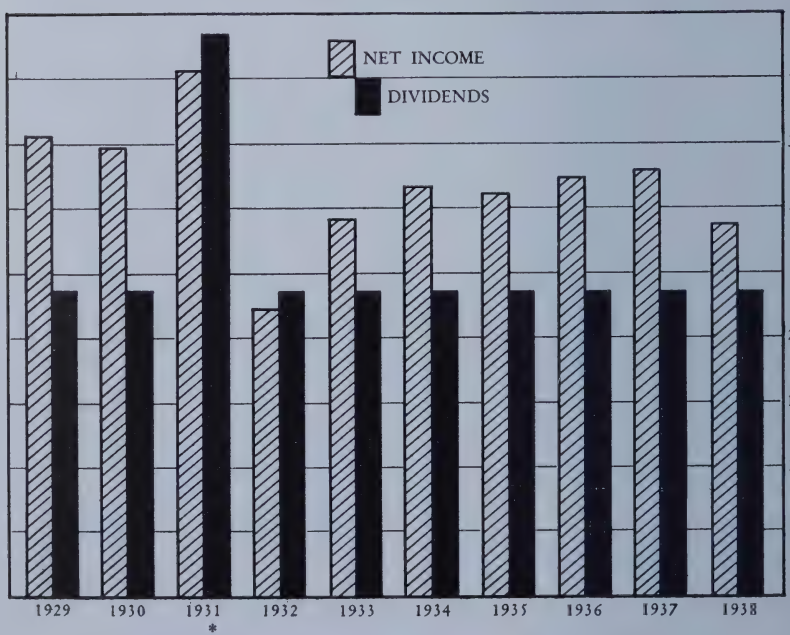
New York, January 24, 1939.

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
1912	631	$60,557,767	$ 8.73	$100.
1913	684	$66,228,072	$10.82	"
1914	737	$69,619,669	$10.87	"
1915	805	$75,995,774	$13.19	"
1916	920	$87,089,270	$15.57	"
1917	1000	$98,102,857	$16.72	"
1918	1039	$107,179,411	$ 9.96	"
1919	1081	$119,496,107	$17.11	"
1920	1111	$140,918,981	$13.87†	"
1921	1137	$147,654,647	$20.04	"
1922	1176	$167,319,265	$27.11	"
1923	1260	$193,447,010	$31.84	"
1924	1356	$215,501,187	$ 7.95	$ 25.
1925	1423	$239,032,946	$ 9.46	"
1926	1480	$253,645,124	$10.85	"
1927	1581	$272,754,045	$ 9.06†	"
1928	1725	$287,318,720	$ 9.07	"
1929	1825	$303,047,172	$ 3.66	$ 10.
1930	1881	$289,288,605	$ 3.56	"
1931	1903	$282,669,576	$ 4.24*	"
1932	1932	$249,892,861	$ 2.27	"
1933	1941	$250,516,527	$ 2.94	"
1934	1957	$270,684,797	$ 3.30	"
1935	1980	$268,750,483	$ 3.20	"
1936	1998	$290,386,935	$ 3.35	"
1937	2010	$304,774,655	$ 3.40	"
1938	2015	$304,304,741	$ 2.95	"

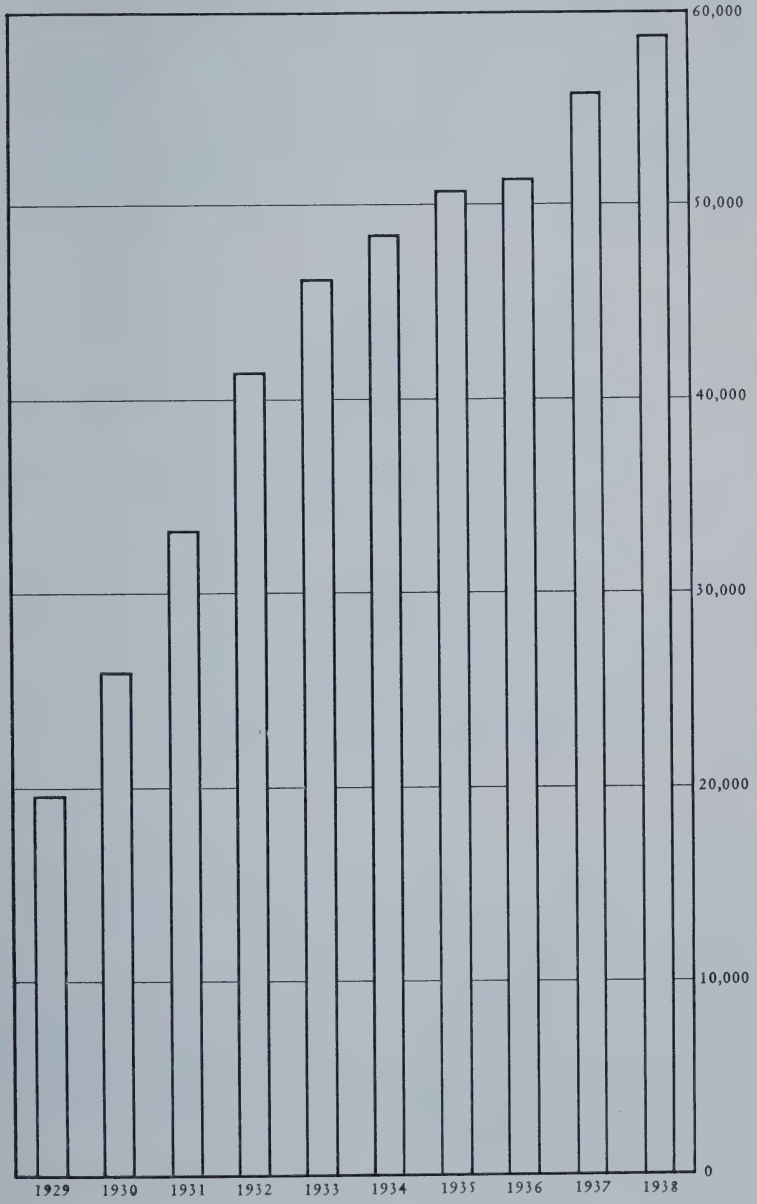
†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on Non-recurring income.

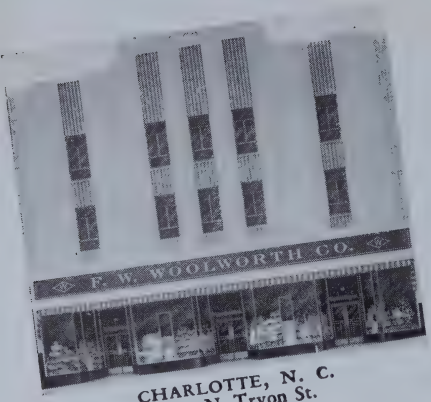
COMPARATIVE ANNUAL NET INCOME AND CASH DIVIDENDS PAID



* 1931 includes non-recurring income and an extra dividend of $2.00 per share.

RECORD OF NUMBER OF STOCKHOLDERS
FOR PAST TEN YEARS





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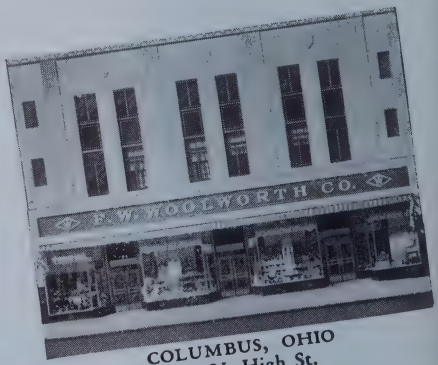

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F. W. WOOLWORTH CO.

Executive Office, WOOLWORTH BUILDING
NEW YORK, N. Y.

OFFICERS

C. S. WOOLWORTH	*Chairman, Board of Directors*
C. W. DEYO	*President*
A. L. CORNWELL	*Vice-President & Treasurer*
E. C. MAUCHLY	*Vice-President*
G. F. TERPENNING	*Vice-President*
PAUL HOFER, JR.	*Secretary & Ass't Treasurer*
J. T. LEFTWICH	*Ass't Secretary & Ass't Treasurer*
C. H. LOVELL	*Ass't Secretary*

DIRECTORS

C. S. WOOLWORTH	*Officer*
C. W. DEYO	*Officer*
A. L. CORNWELL	*Officer*
E. C. MAUCHLY	*Officer*
PAUL HOFER, JR.	*Officer*
G. F. TERPENNING	*Officer*
F. R. COLE	*Merchandise Supervisor*
W. L. STEPHENSON	*Chairman, F. W. W. & Co., Ltd., England*
B. D. MILLER	*Member, Executive Committee*
F. J. WECKESSER	*Member, Executive Committee*
E. H. LOTZ	*Manager, Boston District*
C. S. CHAMBERLAIN	*Manager, Manhattan District*
S. H. HUBER	*Manager, Philadelphia District*
H. E. O'NEIL	*Manager, St. Louis District*
R. W. WEBER	*Manager, San Francisco District*
L. J. HARRINGTON	*Manager, Canadian District*
L. H. GAUSE	*Manager, Cleveland District*
C. O. GILBERT	*Manager, Albany District*
JESSIE WOOLWORTH DONAHUE	*New York, N. Y.*
FREMONT C. PECK	*New York, N. Y.*
SEYMOUR H. KNOX	*Buffalo, N. Y.*
EDWARD CORNELL	*New York, N. Y.*
PHILIP LEHMAN	*New York, N. Y.*
ALLAN P. KIRBY	*Jersey City, N. J.*

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY

22 WILLIAM STREET, NEW YORK, N. Y.

•

REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK

55 WALL STREET, NEW YORK, N. Y.

Annual Meeting of Stockholders on Third Wednesday in May at Principal Office, Watertown, N. Y.

CABLE ADDRESS • CRONICON, NEW YORK

To Our Stockholders

THE ANNUAL REPORT of your Company, submitted herewith, includes: a Consolidated Balance Sheet showing the financial condition of the Company as at December 31, 1939; a Balance Sheet of the Parent Company, as at the same date, and a Statement of Consolidated Income showing the results of operations for the year. The current assets, the current liabilities and the undistributed profits of the Canadian subsidiary, included in the consolidated statements, were converted at the current rates of exchange. The investment in and net income from the British subsidiary are included at rates shown on the statements. The investment in the German subsidiary is shown at book value, converted at the rate shown on the statement, against which a reserve of $6,000,000 has been provided this year for possible loss arising from foreign exchange restrictions and war conditions. The 1939 earnings of the German subsidiary have not been included in the statement of consolidated income.

Sales for the year in the U.S.A., Canada and Cuba amounted to $318,839,663.82, as compared with $304,304,741.57 for the year 1938. The upward trend was more pronounced during the latter part of 1939, with the result that the sales for the year were the largest in the history of the Company.

The net income for the year was $29,310,353.38, after deducting $11,206,249.43 for depreciation, amortization and reserve for Federal taxes. These earnings amounted to $3.02 per share, on 9,703,609 shares outstanding, excluding 46,391 shares held in the Treasury, as compared with the net income of $28,584,944.14, or $2.95 per share, for the year 1938. The domestic earnings increased $2,082,416.57 over like earnings for 1938. Cash dividends amounting to $23,288,662.80 were paid during the year, at a rate of 60c per share quarterly, or $2.40 yearly, which rate is the same as in recent years.

The British and German subsidiaries report successful operations for the past year, each having shown increased operating profits. The British Company closed the year with 759 stores in operation, an increase of 22; and the German Company with 82 stores.

The Company's working capital position continues strong, with $22,620,077.05 cash on hand. The inventory of merchandise stocks amounted to $45,976,978.35, an increase of $4,406,308.89 over the previous year. The stocks are in excellent condition, and the management feels that the amount of inventory is satisfactory, based on anticipated sales requirements. By reason of a quick turnover, there

is a constant flow of new and improved merchandise to the counters of our stores. Approximately 99½% of the goods sold in the American stores were manufactured in the U.S.A.—indicating that a very small amount of merchandise was purchased from foreign sources.

At the close of the year, the capital stock of the Company was owned by 64,148 stockholders, residing in all the 48 states and in many foreign countries. This is an increase of 5,721 stockholders during the year.

Continuing with the modernization program begun four years ago, your Company remodeled and enlarged 152 of its old stores and opened 14 new stores during the past year. Total construction jobs completed since 1936 now number 726, representing better than one out of three of the 2,021 stores in operation in the U.S.A., Canada and Cuba. New construction scheduled for 1940 is such as to insure further and substantial progress under this program, which has fully demonstrated its sound value.

During the year a booklet, entitled "60 Years of Woolworth," was issued to commemorate another decade of your Company's business history. A copy was sent, of course, to each stockholder. The many expressions of approval and confidence which this booklet elicited from stockholders and others have been deeply gratifying to your management.

The audit certificate of R. G. Rankin & Co., directed to the stockholders, appears in this report, and it is the intention of the Directors to continue the services of these accountants for the year 1940.

The improvement in business in general appears to be restoring a feeling of confidence. The management of your Company shares this feeling, and is prepared, with attractive lines of merchandise, to take advantage of any improvement in consumer buying power during the new year.

Your management wishes to express its sincere appreciation for the loyalty, cooperation and fine service rendered by all employees, including executives, buyers, district office staffs, store managers and sales people.

Respectfully submitted,

C. S. Woolworth

CHAIRMAN OF THE BOARD

PRESIDENT

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Consolidated Balance Sheet as at December 31st, 1939

ASSETS

Current Assets			
Cash		$22,620,077.05	
Accounts and Other Receivables		563,399.98	
Merchandise Inventories—Cost or Market, whichever is lower		45,976,978.35	
Merchandise in Transit—at Cost		1,482,045.20	$ 70,642,500.58
Investments			
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England, average conversion rate $4.6339 (Market Value $189,633,558.66)		40,587,325.34	
Majority interest in F. W. Woolworth Co., G.m.b.H., Germany, average conversion rate $0.2041		11,473,859.17	
Mortgages Receivable		1,333,053.83	
Other Securities—Cost, less Reserve		196,760.60	53,590,998.94
Fixed Assets—at Cost			
Real Estate and Buildings	$29,181,595.71		
Less: Reserve for Depreciation of Buildings	4,210,189.97	24,971,405.74	
Furniture, Fixtures and Equipment	51,689,134.58		
Less: Reserve for Depreciation	12,027,103.34	39,662,031.24	64,633,436.98
Leaseholds and Alterations—Unamortized Cost			
Buildings on Leased Ground		15,819,130.55	
Alterations to Leased and Owned Buildings and Store Organization Expenses		38,733,854.01	
		54,552,984.56	
Less: Amortization for 1939		4,287,153.36	50,265,831.20
Prepaid, Deferred and Other Items			
Store and Office Supplies		1,063,360.09	
Prepaid Insurance, etc.		815,496.83	
German Government Bonds		310,138.92	2,188,995.84
Goodwill			1.00
			$241,321,764.54

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Consolidated Balance Sheet as at December 31st, 1939

LIABILITIES AND CAPITAL

Current Liabilities			
Accounts Payable and Accruals		$ 9,344,866.27	
Accounts Payable—Merchandise in Transit		1,482,045.20	
Mortgage Payments—Due in 1940		28,020.00	
Accrued Interest on Debentures		137,500.00	
Reserve for Income, Capital Stock and Other Taxes		5,386,746.76	$ 16,379,178.23
Long-Term Debt			
Ten-year 3% Sinking Fund Debentures, due July 15, 1947		10,000,000.00	
Purchase Money Mortgages		2,480,850.00	12,480,850.00
Reserves			
For Investment in F. W. Woolworth Co., G.m.b.H., Germany		6,000,000.00	
For Foreign Exchange Losses		376,818.83	
For Employees' Sick Benefits		100,000.00	6,476,818.83
Capital Stock—Par Value $10.00 per Share			
Authorized	20,000,000 Shares	200,000,000.00	
Unissued	10,250,000 Shares	102,500,000.00	
Issued (of which 46,391 Shares are held in Treasury)	9,750,000 Shares		97,500,000.00
Earned Surplus			
Balance, January 1, 1939		110,762,179.82	
Net Income for Year ended December 31, 1939		29,310,353.38	
		140,072,533.20	
Less:			
Quarterly Dividends of $0.60 per Share on Outstanding Stock	$23,288,662.80		
Provision for Investment in F. W. Woolworth Co., G.m.b.H., Germany	6,000,000.00		
German Government Tax on Stock Dividend	188,391.24	29,477,054.04	
		110,595,479.16	
Less:			
Ledger Value (Cost less $901,633.79 previously charged to Surplus) of 46,391 Shares of Treasury Stock	1,646,959.20		
Adjustment arising from conversion of assets and liabilities of Canadian subsidiary from Canadian into U.S. dollars	463,602.48	2,110,561.68	
Balance, December 31, 1939			108,484,917.48
(Foregoing Surplus includes undistributed Surplus of Foreign Subsidiaries in the amount of $44,366,017.60)			$241,321,764.54

F. W. W

B

AS AT

ASSETS

Current Assets		
Cash	$21,286,796.94	
Accounts and Other Receivables	551,869.09	
Merchandise Inventories—Cost or Market, whichever is lower	42,567,899.50	
Merchandise in Transit—at Cost	1,370,623.14	$ 65,777,188.67
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England, average conversion rate $4.6339 (Market Value $189,633,558.66)	40,587,325.34	
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany, average conversion rate $0.2041	11,473,859.17	
Entire Capital Stock of F. W. Woolworth Co., Ltd., Canada, average conversion rate $0.9585	11,547,980.33	
Mortgages Receivable	1,333,053.83	
Other Securities—Cost, less Reserve	194,090.32	65,136,308.99
Fixed Assets—at Cost		
Real Estate and Buildings	$24,962,240.12	
Less Reserve for Depreciation of Buildings	3,881,853.80	21,080,386.32
Furniture, Fixtures and Equipment	48,060,824.27	
Less: Reserve for Depreciation	11,174,678.56	36,886,145.71 57,966,532.03
Leaseholds and Alterations—Unamortized Cost		
Buildings on Leased Ground	15,695,470.55	
Alterations to Leased and Owned Buildings and Store Organization Expenses	37,190,401.89	
	52,885,872.44	
Less: Amortization for 1939	4,085,972.98	48,799,899.46
Prepaid, Deferred and Other Items		
Store and Office Supplies	959,137.71	
Prepaid Insurance, etc.	784,639.46	
German Government Bonds	310,138.92	2,053,916.09
Goodwill		1.00
		$239,733,846.24

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LIABILITIES AND CAPITAL

Current Liabilities			
Accounts Payable and Accruals		$ 9,165,495.12	
Accounts Payable—Merchandise in Transit		1,370,623.14	
Mortgage Payments—Due in 1940		20,550.00	
Accrued Interest on Debentures		137,500.00	
Reserve for Income, Capital Stock and Other Taxes		4,992,120.40	$ 15,686,288.66
Long-Term Debt			
Ten-year 3% Sinking Fund Debentures, due July 15, 1947		10,000,000.00	
Purchase Money Mortgages		1,621,700.00	11,621,700.00
Reserves			
For Investment in F. W. Woolworth Co., G.m.b.H., Germany		6,000,000.00	
For Foreign Exchange Losses		340,940.10	
For Employees' Sick Benefits		100,000.00	6,440,940.10
Capital Stock—Par Value $10.00 per Share			
Authorized	20,000,000 Shares	200,000,000.00	
Unissued	10,250,000 Shares	102,500,000.00	
Issued (of which 46,391 Shares are held in Treasury)	9,750,000 Shares		97,500,000.00
Earned Surplus			
Balance, January 1, 1939		110,762,179.82	
Net Income for Year ended December 31, 1939		29,310,353.38	
		140,072,533.20	
Less:			
Quarterly Dividends of $0.60 per Share on Outstanding Stock	$23,288,662.80		
Provision for Investment in F. W. Woolworth Co., G.m.b.H., Germany	6,000,000.00		
German Government Tax on Stock Dividend	188,391.24	29,477,054.04	
		110,595,479.16	
Less:			
Ledger Value (Cost, less $901,633.79 previously charged to Surplus) of 46,391 shares of Treasury Stock	1,646,959.20		
Adjustment arising from conversion of investment in Canadian subsidiary from Canadian into U. S. dollars	463,602.48	2,110,561.68	
Balance, December 31, 1939			108,484,917.48
(Foregoing Surplus includes undistributed Surplus of Foreign Subsidiaries in the amount of $44,366,017.60)			
			$239,733,846.24

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Statement of Consolidated Income for the Year Ended December 31st, 1939

Sales—U. S. A., Canada and Cuba		$318,839,663.82
Less: Cost of Sales and Expenses		289,039,362.97
Net Profit from Operations		29,800,300.85
Other Income		
Rental Income	$ 739,195.84	
Interest and Miscellaneous Income	107,108.00	
Dividends of F. W. Woolworth & Co., Ltd. (Stated at dollar equivalent on payment dates)	8,715,675.70	
Realized Portion of Balance of 1938 Dividend of F. W. Woolworth Co., G.m.b.H.	117,335.02	9,679,314.56
Proportion of Undistributed Earnings of F. W. Woolworth & Co., Ltd., converted at $3.9569		1,506,638.19
		40,986,253.60
Deduct:		
Depreciation of Buildings and Fixtures	2,719,096.07	
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,287,153.36	
Interest	310,102.02	
Provision for Income and Capital Stock Taxes	4,200,000.00	
Foreign Exchange Loss, Net	159,548.77	11,675,900.22
Net Income for Year, Transferred to Surplus		$29,310,353.38

NOTES: The foregoing statement does not include dividends and undistributed surplus earnings of F. W. Woolworth Co., G.m.b.H., Germany, for 1939, amounting to RM 5,527,217.

The foregoing statement includes undistributed 1939 earnings of the Canadian subsidiary (converted into U. S. dollars at 90 cents, the official rate on December 31, 1939) amounting to $322,908.59.

CERTIFICATE

To the Stockholders of F. W. WOOLWORTH CO.:

We have made an examination of the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1939, the Balance Sheet of F. W. Woolworth Co. as at the same date, and of the Statement of Consolidated Income for the year ended on that date. In connection therewith, we have examined or tested accounting records of the domestic company and other supporting evidence, and have also made a general review of the accounting methods and of the operating and income accounts for the period, but we have not made a detailed audit of all transactions. The company's accounts have been consistently maintained in accordance with accepted accounting principles and all information and explanations desired were furnished.

We have accepted, after examination, the financial statements of the Canadian subsidiary as certified by independent auditors, and the accounts thereof have been taken into consolidation upon the following basis: net current assets at the official rate of exchange on December 31, 1939; and other assets and liabilities on a dollar for dollar basis. Independent auditors have confirmed the Surplus and Earnings of the non-consolidated foreign subsidiaries. The investment in and surplus of such subsidiaries, excepting current German earnings, have been converted into U. S. dollars at exchange rates noted on the accompanying statements.

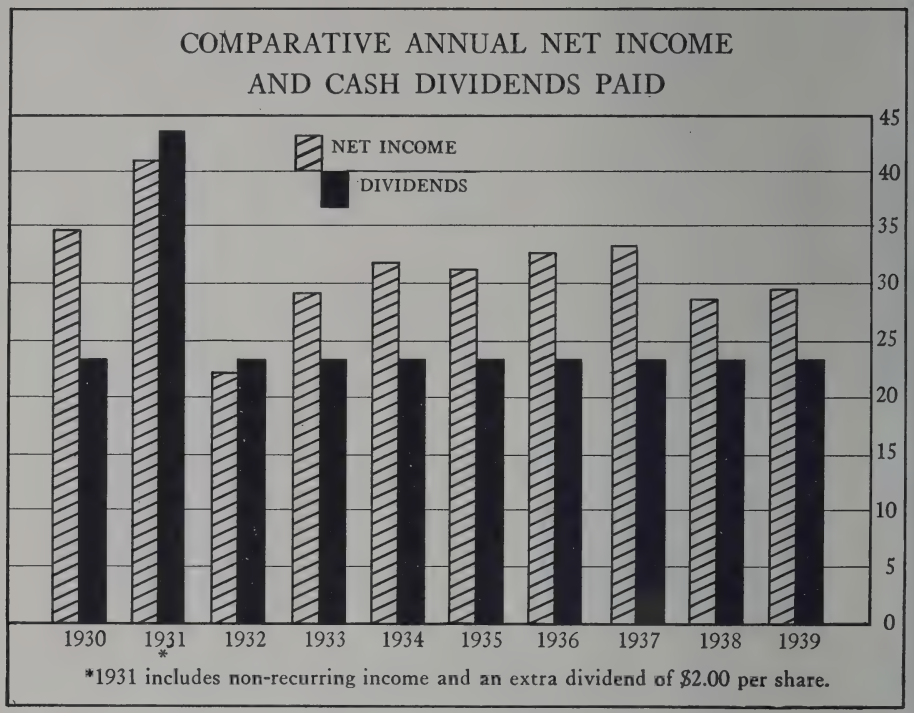
In our opinion, based upon such examination, the accompanying Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary, the Balance Sheet of F. W. Woolworth Co., and the related Statement of Consolidated Income fairly present the financial condition of the Company and its subsidiary and of the parent company as at December 31, 1939 and the results of operations for the year ended on that date.

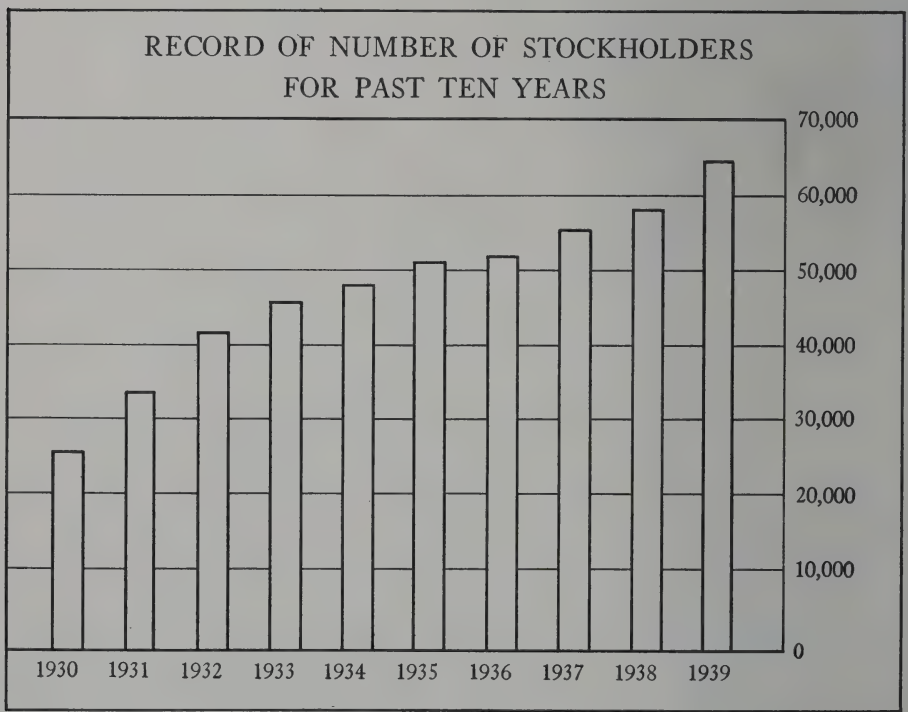
New York, January 25, 1940 R. G. RANKIN & CO., *Certified Public Accountants*

Comparative Sales and Net Earnings

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Par Value
1912	631	$ 60,557,767	$ 8.73	$100
1913	684	66,228,072	10.82	"
1914	737	69,619,669	10.87	"
1915	805	75,995,774	13.19	"
1916	920	87,089,270	15.57	"
1917	1000	98,102,857	16.72	"
1918	1039	107,179,411	9.96	"
1919	1081	119,496,107	17.11	"
1920	1111	140,918,981	13.87†	"
1921	1137	147,654,647	20.04	"
1922	1176	167,319,265	27.11	"
1923	1260	193,447,010	31.84	"
1924	1356	215,501,187	7.95	25
1925	1423	239,032,946	9.46	"
1926	1480	253,645,124	10.85	"
1927	1581	272,754,045	9.06†	"
1928	1725	287,318,720	9.07	"
1929	1825	303,047,172	3.66	10
1930	1881	289,288,605	3.56	"
1931	1903	282,669,576	4.24*	"
1932	1932	249,892,861	2.27	"
1933	1941	250,516,527	2.94	"
1934	1957	270,684,797	3.30	"
1935	1980	268,750,483	3.20	"
1936	1998	290,386,935	3.35	"
1937	2010	304,774,655	3.40	"
1938	2015	304,304,741	2.95	"
1939	2021	318,839,663	3.02	"

†Stock dividend of 30% paid in 1920 and 50% in 1927.
*Includes $.90 on non-recurring income.


COMPARATIVE ANNUAL NET INCOME
AND CASH DIVIDENDS PAID
NET INCOME
DIVIDENDS
45
40
35
30
25
20
15
10
5
0
1930
1931*
1932
1933
1934
1935
1936
1937
1938
1939
*1931 includes non-recurring income and an extra dividend of $2.00 per share.


RECORD OF NUMBER OF STOCKHOLDERS
FOR PAST TEN YEARS
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
1930
1931
1932
1933
1934
1935
1936
1937
1938
1939

Lincoln, Nebraska

Birmingham, Ala.

Easton, Pa.

Typical of new and remodeled stores completed in 1939

IN 1939 Company building developments included 166 new construction jobs. Of these 14 represent new store units, and 152 were modernization and alteration projects. 6 stores were opened in localities and neighborhoods where Woolworth had not previously operated.

Since its inauguration in 1936, the building program has completed a total of 726 stores, newly constructed or renovated, in 640 cities. All told, 46 stores have been opened in markets not previously served by Woolworth, and 680 established stores have been improved by modernization.

WOOLWORTH'S *Home Town*

IF YOU were to go to a gazetteer to look up Watertown, New York, you would probably find something like this:

> *Watertown, County-Seat of Jefferson County, on the Black River. Population, 35,000. Commercial centre of a rich farming region.*

True, these are the facts and essentials, but what a meager description of a colorful community! No mention of nearby Lake Ontario and the Thousand Islands. Nothing about inviting, elm-lined streets, familiar places and names known and loved by thousands. No hint of homes and their generous hospitality, rich memories and associations. Not a word to suggest the drama of daily living that began with the city's founding one hundred and forty years ago. Yet all these precious things are part of Watertown—as everyone can imagine who keeps a deep, abiding loyalty for his own "home town."

A Native Son and a New Idea

Watertown and Woolworth are inseparably linked together. Born a farm boy in Jefferson County, Frank Winfield Woolworth began his business career in Watertown, working behind the counter at the Moore and Smith store. It was there that he discovered his great idea, dramatized the value of small change, watched it work, saw it proved! From such beginnings, over 60 years ago, the Woolworth idea spread—from Public Square in Watertown, throughout the country, across Canada, beyond the seas.

There are still plenty of men and women in Watertown who knew Frank Woolworth and called him friend; some of them from the earliest days. The local Historical Society displays a set of china plates purchased from his first Five Cent Counter. Almost anyone will gladly tell you the story of this famous counter—and more. They will tell you of the stimulating effect that Woolworth's success had on the youth of the town, of his far-sighted contemporaries who became associated with him in his enterprise. They point out the modest home of the young merchant, recall his friendly visits when he returned to Watertown with his family in his successful later life. "Have you seen the pretty church in the neighboring village of Great Bend?" they ask. "Frank built it as a memorial to his parents." Watertown is keenly aware that Woolworth made mercantile history in its midst, and the community holds this distinction among its highest civic honors.

An Annual "Homecoming"

Today, as Mr. Woolworth had planned, the six-story Woolworth Building dominates the western end of Watertown's Public Square. Guided by his deep respect for tradition, and his acute judgment of hu-

The New—and the Old—in Watertown. The Woolworth Building and the modern Woolworth store today on the site (below) of the Original Moore and Smith store.

man values, Mr. Woolworth chose the scene of his earliest beginnings as the location for the principal office and the legal, corporate meeting place of the F. W. Woolworth Co. He regarded this yearly "sentimental journey" to one of America's typical "home towns"—as fitting to the nation-wide character of the Woolworth business—valuable beyond material returns. Time has borne out the wisdom of his decision. His successors in the administration of the Woolworth company find that the atmosphere of Watertown is characteristic of the towns where Woolworth does a large amount of its business, and these typical surroundings are conducive to the complete understanding of management problems.

A fine, modern Woolworth store occupies the original site of Moore and Smith's in Watertown. The familiar red and gold signs are supplemented by one which carries the simple legend: The Birthplace of the 5 and 10c Business. To this building, for many years, Woolworth men and stockholders in the company have come to attend the Annual Meetings. A warm welcome is always awaiting them in Woolworth's "home town."

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F. W. WOOLWORTH CO.

ANNUAL REPORT

1940

ANNUAL REPORT

F. W. WOOLWORTH CO.

1940

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F. W. WOOLWORTH CO.

Executive Office, WOOLWORTH BUILDING
NEW YORK, N. Y.

OFFICERS

C. S. WOOLWORTH	*Chairman, Board of Directors*
C. W. DEYO	*President*
A. L. CORNWELL	*Vice-President & Treasurer*
E. C. MAUCHLY	*Vice-President*
G. F. TERPENNING	*Vice-President*
PAUL HOFER, JR.	*Secretary & Ass't Treasurer*
J. T. LEFTWICH	*Ass't Secretary & Ass't Treasurer*
C. H. LOVELL	*Ass't Secretary*

DIRECTORS

C. S. WOOLWORTH	*Officer*
C. W. DEYO	*Officer*
A. L. CORNWELL	*Officer*
E. C. MAUCHLY	*Officer*
G. F. TERPENNING	*Officer*
PAUL HOFER, JR.	*Officer*
F. R. COLE	*Merchandise Supervisor*
W. L. STEPHENSON	*Chairman, F. W. W. & Co., Ltd., England*
B. D. MILLER	*Member, Executive Committee*
F. J. WECKESSER	*Member, Executive Committee*
E. H. LOTZ	*Manager, Boston District*
C. S. CHAMBERLAIN	*Manager, Manhattan District*
S. H. HUBER	*Manager, Philadelphia District*
H. E. O'NEIL	*Manager, St. Louis District*
L. J. HARRINGTON	*Manager, Canadian District*
L. H. GAUSE	*Manager, Cleveland District*
C. O. GILBERT	*Manager, Albany District*
JESSIE WOOLWORTH DONAHUE	*New York, N. Y.*
FREMONT C. PECK	*New York, N. Y.*
SEYMOUR H. KNOX	*Buffalo, N. Y.*
EDWARD CORNELL	*New York, N. Y.*
PHILIP LEHMAN	*New York, N. Y.*
ALLAN P. KIRBY	*Morristown, N. J.*
M. A. SCHENCK	*New York, N. Y.*

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK, N. Y.

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REGISTRAR

THE NATIONAL CITY BANK OF NEW YORK
55 WALL STREET, NEW YORK, N. Y.

Annual Meeting of Stockholders on Third Wednesday in May at Principal Office, Watertown, N. Y.

CABLE ADDRESS • CRONICON, NEW YORK

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TO OUR STOCKHOLDERS

The Annual Report of your Company for the year 1940 is submitted herewith. It includes the Consolidated Balance Sheet and Statement of Consolidated Income, also other information concerning the Company.

The consolidated reports include the assets and liabilities of the Canadian subsidiary and income from operations of that Company, the current items and income being converted at current rates of exchange. However, only our investment in and cash income received from the affiliated British and German Companies are included.

In further explanation, would state that the investment in the unconsolidated British Company is stated at book value, which covers cost of stock plus this Company's share of accumulated undistributed surplus earnings up to December 31, 1939. Cash dividends received from that Company are included in Income Account on the basis explained in the statement. The investment in the unconsolidated German subsidiary is also shown at book value, namely, cost plus this Company's share of accumulated undistributed surplus earnings up to December 31, 1938, against which there is a reserve of $6,000,000.

Sales for the year in stores operated in U. S. A., Canada and Cuba amounted to $335,474,819.92, as compared with $318,839,663.82 for the year 1939, an increase of $16,635,156.10. Sales during the month of January, 1941, to date show a decided improvement,

and in view of anticipated expansion of consumer buying power the management is optimistic over the prospects for increased business throughout the year 1941.

The net income for the year was $24,104,815.64 after deducting $14,084,850.25 for depreciation, amortization and reserve for Governmental taxes. These earnings amounted to $2.48 per share on 9,703,609 shares of stock outstanding, exclusive of 46,391 shares held in the Treasury. This compares with a net income of $29,310,353.38, or $3.02 per share for the year 1939. Net profit from store operations before deduction of tax reserve continues to show an improvement, having amounted to $30,877,848.38, an increase of $1,077,-547.53; however, the total net income from all sources for the year was adversely affected by a decrease of $1,811,270.50 in cash dividends received from the British Company on account of lower exchange rates and higher foreign taxes deducted at source, by having no undistributed earnings of the British Company this year as compared with $1,506,638.19 in 1939, and by an increase of $2,400,000 in the tax reserve due largely to higher tax rates. Cash dividends were paid during the year at the rate of 60c per share quarterly, or a total of $2.40 per share, amounting to $23,288,661.60. There were 69,526 stockholders as of the close of the year, an increase of 5,378 during the year.

The Company continues in a satisfactory liquid condition, with cash on hand amounting to $28,073,663.39. Merchandise stocks in stores and warehouses inventoried at $50,669,460.78, an increase of $4,692,482.43 as compared with previous year. We feel that this increase is conservative in view of present conditions. 99.88% of all merchandise purchased to sell in U. S. A. stores during the year was American-made.

Expense control has received and is continuing to receive serious consideration. Taxes and unemployment insurance amounted to $15,396,854.35. Exclusive of these items, the relation of operating expense to sales volume was only slightly higher than for the preceding year, and this was due principally to increase in store payrolls.

In order to provide sufficient funds with which to continue the program of enlargement and improvement of stores as referred to in detail elsewhere in this report, a new issue of 2½% Sinking Fund debenture bonds in the amount of $22,000,000 was sold at par direct to an institutional investor. Part of these funds were used to retire the former $10,000,000 issue of 3% debentures.

The audit certificate of the independent auditors, R. G. Rankin & Co., directed to the stockholders appears in this report. It is the intention of the directors to continue the services of this auditing firm for the year 1941.

The British Company, in spite of the disadvantages caused by the war, reports an improvement in earnings. Net income for the year 1940 amounted to £7,958,159 before provision for taxes; this compares with £7,612,601 for 1939. The reserve for taxes amounted to £4,310,910, an increase of £1,360,185 over the taxes of previous year. A dividend of two shillings and three pence per share on Ordinary stock has been declared payable in February, 1941. This makes a total of three shillings and three pence gross dividends per share paid out of 1940 earnings, which is the same rate as paid from 1939 earnings. After deducting these dividends, the British income taxes thereon, and certain reserves, the surplus of that Company amounted to £6,782,741 as compared with £6,461,117 a year ago.

It is with deep sorrow that we report the death on October 16, 1940, of Mr. Fred M. Kirby, formerly a Vice-President and Director of this Company since 1912 when he consolidated his chain of 96 stores with the former Woolworth Company and others to form this Company. We likewise refer with regret to the passing on July 9, 1940, of Mr. Hubert T. Parson, a former President and Director of the Company.

In conclusion, we wish to express our deep appreciation for the efficient, loyal services rendered by the active management and all of the employees.

Respectfully submitted,

C. S. Woolworth

CHAIRMAN OF THE BOARD

PRESIDENT

January 25, 1941

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Statement of Consolidated Income for the Year Ended December 31st, 1940

Sales—U. S. A., Canada and Cuba		$335,474,819.92
Less: Cost of Sales and Expenses		304,596,971.54
Net Profit from Operations		30,877,848.38
Other Income		
Rental Income	$ 820,943.70	
Interest and Miscellaneous Income	108,495.45	
Dividends of F. W. Woolworth & Co., Ltd., England (Stated at U. S. dollar equivalents on date of payment or amounts actually realized in U. S. dollars)	6,904,405.20	
Realization of German currency	120,302.55	7,954,146.90
		38,831,995.28
Deduct:		
Depreciation of Buildings and Fixtures	3,002,781.98	
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,482,068.27	
Interest	480,299.89	
Provision for Income and Capital Stock Taxes	6,600,000.00	
Foreign Exchange Loss	162,029.50	14,727,179.64
Net Income for Year, Transferred to Surplus		$24,104,815.64

NOTES: Owing to a change in accounting policy, the foregoing statement does not include the Company's portion of the undistributed income of the British subsidiary for the current year; this change does not materially affect the Consolidated Income of the current year. The statement also excludes the unrealized portion of the net dividends of F. W. Woolworth Co., G.m.b.H., Germany, for the year 1940, in the amount of Rm. 2,380,900.

The foregoing statement includes undistributed earnings of the Canadian subsidiary (converted into U. S. dollars at 90.09 cents, the official rate on December 31, 1940), amounting to $201,509.89.

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ASSETS

Current Assets		
Cash	$28,073,663.39	
Accounts and Other Receivables	906,984.07	
Merchandise Inventories—Cost or Market, whichever is lower	50,669,460.78	
Merchandise in Transit—at Cost	1,230,465.38	$ 80,880,573.62
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England, average conversion rate $4.644 (Market Value $171,816,048.43)	40,591,560.13	
Majority interest in F. W. Woolworth Co., G. m. b. H., Germany, average conversion rate $0.2045	11,473,859.17	
Mortgages Receivable	1,313,126.29	
Other Securities—Cost, less Reserve	534,798.10	53,913,343.69
Fixed Assets—at Cost		
Real Estate and Buildings	$29,484,170.77	
Less: Reserve for Depreciation of Buildings	4,543,181.25	24,940,989.52
Furniture, Fixtures and Equipment	55,084,738.61	
Less: Reserve for Depreciation	12,610,936.46	42,473,802.15 67,414,791.67
Leaseholds and Alterations—Unamortized Cost		
Buildings on Leased Ground	15,632,939.57	
Alterations to Leased and Owned Buildings and Store Organization Expenses	40,430,814.37	
	56,063,753.94	
Less: Amortization for 1940	4,482,068.27	51,581,685.67
Prepaid, Deferred and Other Items		
Store and Office Supplies	1,102,964.68	
Prepaid Insurance, etc.	1,194,882.50	
German Government Bonds	310,138.92	2,607,986.10
Goodwill		1.00
		$256,398,381.75

NOTE: The foregoing statement includes net current assets of the Canadian subsidiary in the amount of $3,687,649.16 and other net assets of that subsidiary in the amount of $8,102,682.13.

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ember 31st, 1940

LIABILITIES AND CAPITAL

Current Liabilities			
Accounts Payable and Accruals		$ 9,080,526.07	
Accounts Payable—Merchandise in Transit		1,230,465.38	
Mortgage Payments—Due in 1941		29,152.48	
Accrued Interest on Debentures		297,916.65	
Reserve for Income, Capital Stock and Other Taxes		8,204,088.53	$ 18,842,149.11
Long-Term Debt			
Fifteen-year 2½% Sinking Fund Debentures, due July 15, 1955		22,000,000.00	
Purchase Money Mortgages		2,439,750.00	24,439,750.00
Reserves			
For Investment in F. W. Woolworth Co., G. m. b. H., Germany		6,000,000.00	
For Foreign Exchange Losses		398,984.92	
For Employees' Sick Benefits		100,000.00	6,498,984.92
Capital Stock—Par Value $10.00 per Share			
Authorized	20,000,000 Shares	200,000,000.00	
Unissued	10,250,000 Shares	102,500,000.00	
Issued (of which 46,391 Shares are held in Treasury)	9,750,000 Shares		97,500,000.00
Earned Surplus			
Balance, January 1, 1940		110,595,479.16	
Net Income for Year ended December 31, 1940		24,104,815.64	
		134,700,294.80	
Less:			
Quarterly Dividends of $0.60 per Share on Outstanding Stock	$23,288,661.60		
Additional Income Taxes for Prior years	241,534.87	23,530,196.47	
		111,170,098.33	
Less:			
Ledger Value (Cost less $901,633.79 previously charged to Surplus) of 46,391 Shares of Treasury Stock	1,646,959.20		
Adjustment arising from conversion of assets and liabilities of Canadian subsidiary from Canadian into U. S. dollars	405,641.41	2,052,600.61	
Balance, December 31, 1940			109,117,497.72
(Foregoing surplus includes undistributed surplus of foreign subsidiaries in the amount of $44,625,488.56)			$256,398,381.75

CERTIFICATE

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1940 and the related Statement of Consolidated Income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. The company's accounts have been maintained in conformity with accepted accounting principles on a basis consistent with that of the preceding year, except for the discontinuance of the policy of including the company's portion of the undistributed income of the British subsidiary in the Statement of Consolidated Income for the current year.

We accepted, after examination, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the Consolidated Balance Sheet upon the following basis: net current assets converted into U. S. dollars at the official rate of exchange on December 31, 1940, and the remaining assets and liabilities on a dollar for dollar basis.

In our opinion, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1940, and the results of operations for the year ended on that date.

R. G. RANKIN & CO.
Certified Public Accountants

New York, N. Y.
January 25, 1941

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	Par Value
1912	631	$ 60,557,767	$ 8.73	$ 2.00	$100
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87†	8.00	"
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
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1927	1581	272,754,045	9.06†	5.00	"
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1929	1825	303,047,172	3.66	2.40	10
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24*	4.40	"
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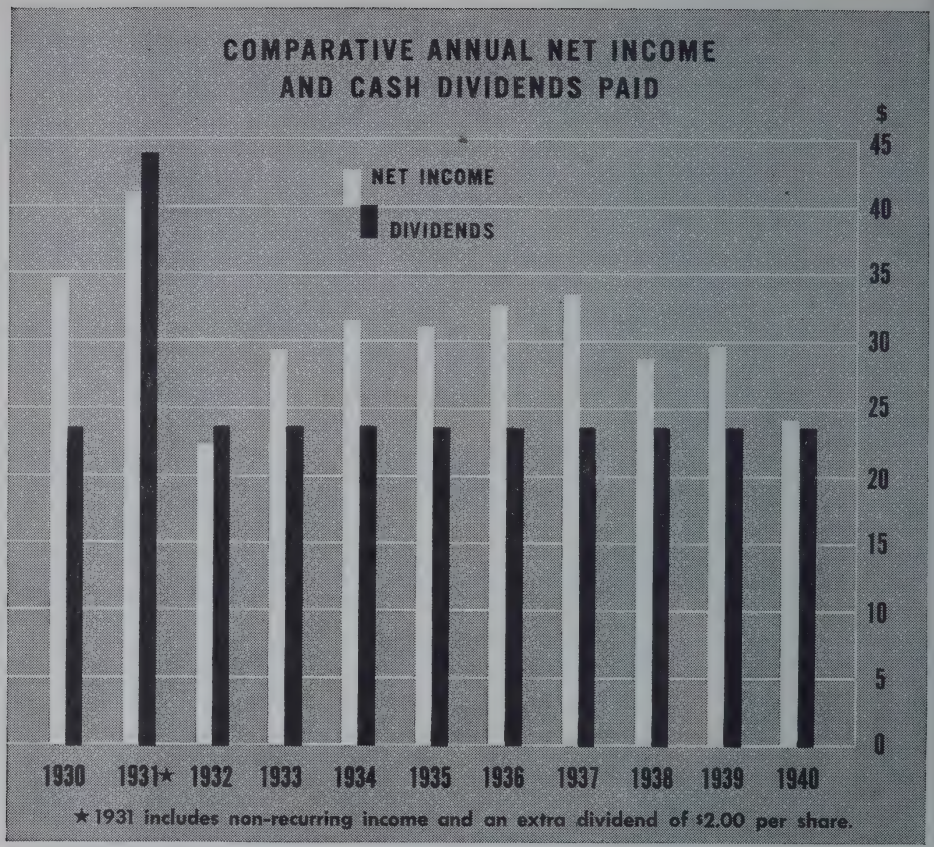
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	"
1939	2021	318,839,663	3.02	2.40	"
1940	2027	335,474,820	2.48	2.40	"

†Stock dividend of 30% paid in 1920 and 50% in 1927. *Includes $.90 on non-recurring income.

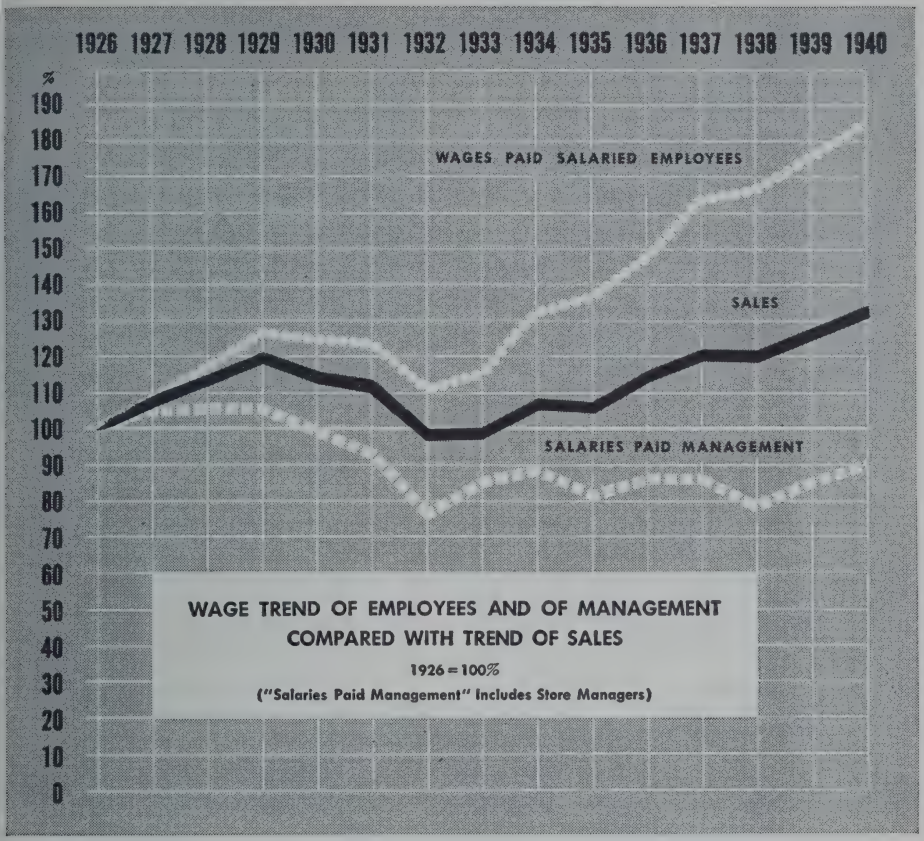


Increasingly over the years, a larger number of people have participated in Woolworth earnings. As the number of stockholders has gone up, the average size of individual holdings has gone down, giving wider distribution to our stock and making for broad public ownership of the company.

We are glad of this. Not alone because it makes for the further stability of our company; but also because among the many men and women throughout America who are attracted each day by the values on our counters, or whose sons and daughters help run our stores, there is a constantly greater number of families that are able to feel an added sense of security and comfort through their part ownership in F. W. Woolworth Co.

GAIN IN NUMBER OF STOCKHOLDERS—1930 to 1940

	1930	1940
Stockholders	26,100	69,526
Shares of Stock	9,750,000	9,750,000
Average Shares per Stockholder	373	140
Number of Stores	1,881	2,027
Average Number of Stockholders per Store	13.8	34.3



Our stockholders, we feel sure, share the management's appreciation of the standard of sales service given in Woolworth stores. The explanation is readily found: efficient and loyal sales personnel.

But you must reach back many years to account for this present spirit of loyalty and cooperation. Woolworth's sense of responsibility to its employees began long ago. There are many expressions of it: shorter work hours, employee benefit funds, vacations with pay, Christmas bonuses, facilities for relaxation, and a steady rise in the wage level.

Every year for 15 years the compensation trend of salaried employees has run ahead of the sales trend. While management, over the same period, has helped to make this possible by doing its part of the job more economically.

LENGTH OF SERVICE OF OUR EMPLOYEES

26.6%	5 Years and Over
20.0%	3 But Less Than 5 Years
12.0%	2 But Less Than 3 Years
20.4%	1 But Less Than 2 Years
21.0%	Under 1 Year
100.0%	

BUILDING PROGRESS IN 1940

In 1940 Company building developments included 149 new construction jobs. Of these, 20 represent new store units and 129 were modernization and alteration projects. Stores in operation at the end of the year totaled 2,027.

Since 1936, when the building program was inaugurated, a total of 875 stores, newly constructed or remodeled, have been completed.

FOUR OF OUR NEW AND ENLARGED STORES OPENED IN 1940

Top to bottom: No. 34, Louisville, Kentucky. No. 54, Utica, N. Y. No. 96, Seattle, Washington. No. 157, Springfield, Ohio.

WOOLWORTH

Invites You to Luncheon

ROAST YOUNG TURKEY

Giblet Gravy **Celery Dressing**

Cranberry Sauce **String Beans**

Creamy Whipped Potatoes

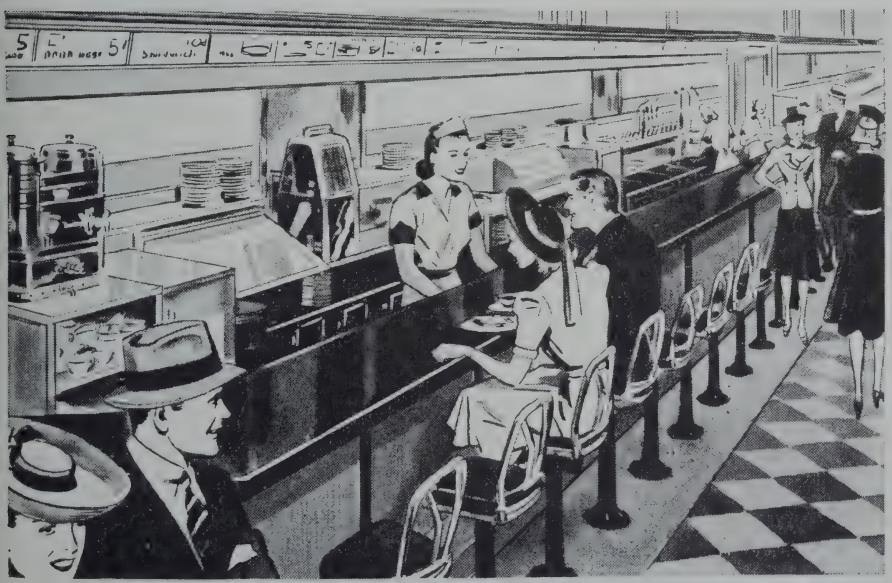
Hot Cloverleaf Roll and Butter

25¢

How is Woolworth able to serve a meal like this at a profit for 25¢? For it does seem a miracle that such wholesome, generous luncheons, desserts, and beverages as appear every day on the menu in over 800 of our stores can be prepared and served, with scrupulous sanitation and cleanliness, at such small prices.

Yet it is a fact that a roast turkey dinner at 25¢ is a regular feature of our menus . . . that tasty, flaky chicken pot pie—"a meal in itself", is only 20¢ . . . and that a vegetable luncheon is served at the same price. A cup of delicious coffee with pure rich cream costs 5¢. A banana split with three kinds of ice cream or a fresh fruit shortcake with whipped cream is only a dime.

The reason our light lunch and



soda department is a successful and profitable part of our business is that we have applied to it the very same merchandising principles which have proven successful and profitable in other parts of the store.

Thus we . . .

1. *Determine by experiment and test which foods most people prefer.*

2. *Serve only the sure sellers. Eliminate dishes which in many eating establishments are made up for the menu, but seldom ordered.*

3. *Buy only the choicest, top quality ingredients. This is not only good food, but good business. (Less waste, for instance).*

4. *Keep prices so low they will attract mass buying.*

Serving the millions of guests who visit our luncheon counters requires impressive quantities of meats, fowl, fruits and vegetables, and dairy products. Thus Woolworth becomes an important customer to the farmer, provides a ready outlet the year-round for his produce, and pays him best current market prices.

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F. W. WOOLWORTH CO.
ANNUAL REPORT
1941

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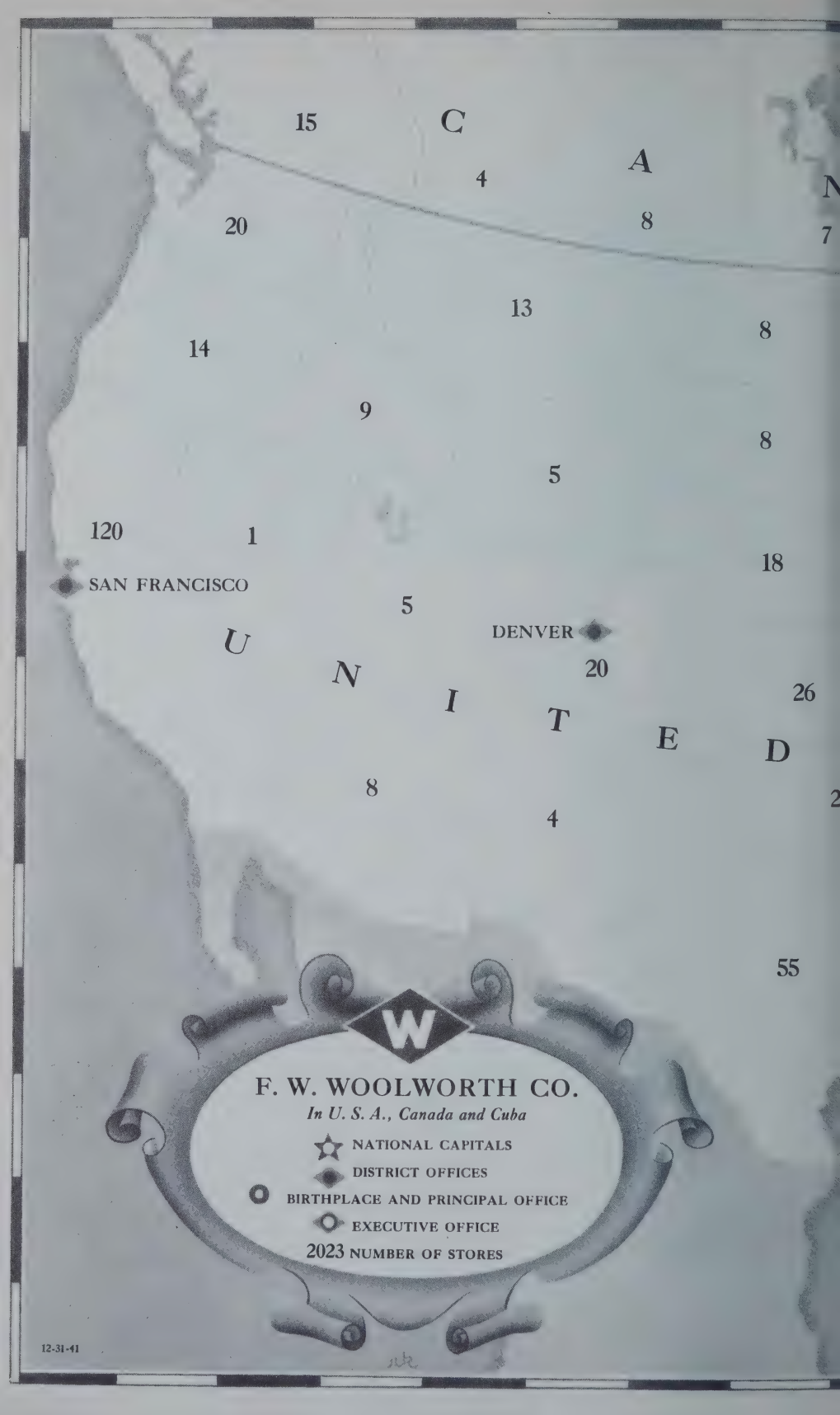
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F. W. WOOLWORTH CO.
In U. S. A., Canada and Cuba
NATIONAL CAPITALS
DISTRICT OFFICES
BIRTHPLACE AND PRINCIPAL OFFICE
EXECUTIVE OFFICE
2023 NUMBER OF STORES
12-31-41

ANNUAL REPORT

F. W. WOOLWORTH CO.

1941

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UNIVERSITY OF ILLINOIS

F. W. WOOLWORTH CO.

Executive Office, WOOLWORTH BUILDING
NEW YORK, N. Y.

OFFICERS

C. S. WOOLWORTH	*Chairman, Board of Directors*
C. W. DEYO	*President*
A. L. CORNWELL	*Vice-President & Treasurer*
E. C. MAUCHLY	*Vice-President*
G. F. TERPENNING	*Vice-President*
PAUL HOFER, Jr.	*Secretary & Ass't Treasurer*
J. T. LEFTWICH	*Ass't Secretary & Ass't Treasurer*
C. H. LOVELL	*Ass't Secretary*

DIRECTORS

C. S. WOOLWORTH	*Officer*
C. W. DEYO	*Officer*
A. L. CORNWELL	*Officer*
E. C. MAUCHLY	*Officer*
G. F. TERPENNING	*Officer*
PAUL HOFER, Jr.	*Officer*
F. R. COLE	*Merchandise Supervisor*
W. L. STEPHENSON	*Chairman, F. W. W. & Co., Ltd., England*
B. D. MILLER	*Member, Executive Committee*
F. J. WECKESSER	*Member, Executive Committee*
E. H. LOTZ	*Manager, Boston District*
C. S. CHAMBERLAIN	*Manager, Manhattan District*
S. H. HUBER	*Manager, Philadelphia District*
H. E. O'NEIL	*Manager, St. Louis District*
I. W. KEFFER	*Manager, Canadian District*
L. H. GAUSE	*Manager, Cleveland District*
C. O. GILBERT	*Manager, Albany District*
JESSIE WOOLWORTH DONAHUE	*New York, N. Y.*
FREMONT C. PECK	*New York, N. Y.*
SEYMOUR H. KNOX	*Buffalo, N. Y.*
EDWARD CORNELL	*New York, N. Y.*
PHILIP LEHMAN	*New York, N. Y.*
ALLAN P. KIRBY	*Morristown, N. J.*
M. A. SCHENCK	*New York, N. Y.*

TRANSFER AGENT
CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK, N. Y.

•

REGISTRAR
THE NATIONAL CITY BANK OF NEW YORK
55 WALL STREET, NEW YORK, N. Y.

Annual Meeting of Stockholders on Third Wednesday in May at Principal Office, Watertown, N. Y.

CABLE ADDRESS • CRONICON, NEW YORK

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1941

TO OUR STOCKHOLDERS

THERE IS presented herewith the Annual Report of your Company for the year 1941, including a Statement of Income for the year, and Balance Sheet as at December 31, 1941. Operations in U. S. A., Canada and Cuba are consolidated in these statements; however, in regard to affiliated British and German Companies, only cash income actually received and investment in those Companies are included in the respective financial statements.

Sales for the year amounted to $377,148,059.27 as compared to $335,474,819.92 for the previous year, an increase of $41,673,239.35, which is the largest increase in any year in the history of the Company. The upward trend in sales was more pronounced during the latter half of 1941, and is continuing in January, 1942. There were 2,023 stores as of the close of the year, twelve new stores having been opened during the year, and sixteen stores closed. The geographical distribution of stores is shown on a map included in this report.

Net income for the year was $26,114,372.53 after deducting $21,524,723.12 for depreciation, amortization and reserve for governmental income and excess profits taxes. These earnings equal $2.69 per share of the capital stock outstanding. This compares with earnings of $24,104,815.64, or $2.48 per share for the year 1940.

YOUR attention is directed to the Income Statement, in which it will be noted that net income from store operations reached the record amount of $41,401,486.30, which is an increase of $10,523,637.92 as compared with previous year.

Cash dividends totaling $2.00 per share, or in the aggregate amount of $19,407,217.10 were paid to stockholders during the year. There were two quarterly payments of 60c each and two quarterly

payments of 40c each. Stockholders increased 3,021 during the year, to a total of 72,547.

Cash on hand at the close of the year amounted to $19,590,902.20 as compared with $28,073,663.39 at the end of 1940. The decrease in the amount of cash is more than offset by an increase of $17,113,-413.71 in merchandise on hand. The Management feels that the merchandise inventory of $67,782,874.49 is a satisfactory condition in view of rising costs and increased sales volume.

Inventories are priced at landed cost of each article in the respective stores, which prices are in no case higher than market prices, but are actually lower in many instances than replacement cost. Owing to the rapid turnover of stock, the Management does not anticipate any material inventory losses due to declining prices in the event of a termination of the war, or the defense program.

Notwithstanding that wages to store employees were increased approximately $5,500,000 during the year, the control of other expenses was closely followed up, with the result that operating expenses per unit of sales were slightly lower than for the preceding year. However, taxes and unemployment insurance, which are beyond the control of the Management, increased to $22,510,931.15 as compared with $15,396,854.35 for the year 1940. Details of taxes paid are shown in a graph, with explanatory notes, elsewhere in this report.

The British Company reports net income of £6,404,759 for the year 1941 before provision for taxes. This compares with £7,958,159 for the previous year. This is a splendid showing considering the many difficulties which had to be surmounted because of the war. Reserve for taxes was £3,557,205, a decrease of £753,705. A dividend of one shilling-nine pence per share of Ordinary stock has been declared, payable in February, 1942. This makes a total dividend disbursement of two shillings-nine pence out of 1941 earnings, as compared with three shillings-three pence for the previous year. After deducting dividends (including the February dividend) and reserve for British Governmental taxes, the surplus of that Company increased to £7,057,795 as compared with £6,782,741 a year ago.

The German Company, of which this Company owns 97% of the capital stock, was organized in 1926, and grew until it had 82 stores in operation. The investment has been carried at book value of $11,473,859.17, representing an investment by this Company of $4,362,193.15 plus our proportion of accrued surplus earnings of the German Company up to December 31, 1937. A reserve of $6,000,000 was set up against this investment as of December 31, 1939, on account of war conditions. Inasmuch as war now exists between this country and Germany, it was decided to write the investment down to $1.00. Furthermore, a warehouse owned in Sonneberg, Germany, which was carried on the books at a depreciated cost of $373,383.80, was also written down to $1.00. The foregoing items resulted in a charge of $5,847,240.97 to Surplus. The full reserve previously set up against investment in German Government bonds carried at a book value of $310,138.92, was applied, thereby charging off the bonds.

The program of enlargement and improvement of stores was continued during 1941, bringing the total number of new and improved stores up to 971. This work will be very much curtailed during 1942 because of war conditions. Further details appear elsewhere in report.

Your Company is cooperating with the Federal Government in the sale of Defense Savings Stamps, which are on sale in all of our stores throughout the U. S. A. The Company has encouraged thrift by giving to each employee a stamp album with an initial stamp affixed, thus starting every employee on a systematic plan of saving. Your attention is directed to an illustration of a display in one of our larger stores, which appears elsewhere in this report.

A contribution in the amount of $100,000 has been made to the American Red Cross war emergency fund, that amount being allocated to the respective chapters in cities throughout this country in which our stores are located.

The audit certificate of the independent auditors, R. G. Rankin & Co., directed to the stockholders, appears in this report. It is the intention to continue the services of this auditing firm for year 1942.

The Management wishes to express its sincere appreciation for the loyalty shown by the many employees of the Company, of whom 14,557 have been employed for five years or more. It has been the practice for many years to give employees a Christmas bonus, and vacations up to two weeks with pay, depending upon term of service. Furthermore, there is a sick-benefit fund available at no cost to the employees.

THE year 1942 will present perplexing problems for the Management to solve. However, we have overcome somewhat similar difficulties in the past including the period of the previous World War, and with a continuance of the splendid cooperation which exists between our buyers and the manufacturers from whom we purchase goods, we will strive to keep on our counters a wide variety of articles at the lowest possible prices, bearing in mind that the goodwill of Woolworth customers must be retained and that the business must be maintained in the highest possible state of efficiency in order to protect the investment of our stockholders.

Respectfully submitted,

C. S. Woolworth

CHAIRMAN OF THE BOARD

PRESIDENT

January 24, 1942

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Statement of Consolidated Income for the Year Ended December 31st, 1941

Sales—U. S. A., Canada and Cuba		$377,148,059.27
Less: Cost of Sales and Expenses		335,746,572.97
(Cost of sales computed on first in—first out basis)		
Net Profit from Operations		$ 41,401,486.30
Other Income		
Rental Income	$ 825,887.77	
Interest and Miscellaneous Income	96,894.64	
Dividends of F. W. Woolworth & Co., Ltd., England	5,707,297.15	
Realization of German currency	400,063.12	7,030,142.68
		$ 48,431,628.98
Deduct:		
Depreciation of Buildings and Fixtures	3,107,571.35	
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,687,151.77	
Interest	583,769.23	
Provision for Income and Capital Stock Taxes	9,030,000.00	
Provision for Excess Profits Taxes	4,700,000.00	
Foreign Exchange Loss	208,764.10	22,317,256.45
Net Income for Year, Transferred to Surplus		$ 26,114,372.53

This statement includes undistributed earnings of the Canadian subsidiary amounting to $1,695,464.47, converted into U. S. dollars at 90.09 cents, the official rate on December 31, 1941.

F. W. W

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Consolidated Bala

ASSETS

Current Assets			
Cash		$19,590,902.20	
Receivables		1,262,592.30	
Merchandise Inventories—Valued at Cost*		67,782,874.49	
Merchandise in Transit—at Cost		1,782,335.72	$ 90,418,704.71
Investments			
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England, average conversion rate $4.644 (Market value $182,952,171.39)		40,587,155.52	
Mortgages Receivable		1,303,935.15	
Other Securities—Cost, less Reserve		853,173.60	
Majority Interest in F. W. Woolworth Co., G. m. b. H., Germany		1.00	42,744,265.27
Fixed Assets—at Cost			
Real Estate and Buildings	$30,060,322.82		
Less: Reserve for Depreciation of Buildings	4,656,311.86	25,404,010.96	
Furniture and Fixtures	56,809,931.81		
Less: Reserve for Depreciation	13,184,983.02	43,624,948.79	
Equipment, less Amortization		373,125.72	69,402,085.47
Leaseholds and Alterations—Unamortized Cost			
Buildings on Leased Ground		16,122,423.61	
Alterations to Leased and Owned Buildings and Store Organization Expenses		44,773,195.24	
		60,895,618.85	
Less: Amortization for 1941		4,687,151.77	56,208,467.08
Prepaid, Deferred and Other Items			
Store and Office Supplies		1,903,027.34	
Prepaid Insurance, etc.		907,590.55	2,810,617.89
GOODWILL			1.00
			$261,584,141.42

*Valuing inventories "at cost" rather than "at cost or market, whichever is lower" is not a change in policy inasmuch as the cost is lower than the market or replacement price on virtually all the merchandise items.

This statement includes net current assets of the Canadian subsidiary in the amount of $4,240,089.41 and other net assets of that subsidiary in the amount of $9,649,483.82.

ΓH CO.

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cember 31st, 1941

LIABILITIES AND CAPITAL

Current Liabilities			
Accounts Payable and Accruals		$11,227,117.12	
Accounts Payable—Merchandise in Transit		1,782,335.72	
Mortgage Payments—Due in 1942		388,411.49	
Accrued Interest on Debentures		252,083.32	
Reserve for Income, Excess Profits and Other Taxes		16,102,707.94	$ 29,752,655.59
Long-Term Debt			
Fifteen-year 2½% Sinking Fund Debentures, due July 15, 1955		22,000,000.00	
Purchase Money Mortgages		2,039,525.00	24,039,525.00
Reserves			
For Foreign Exchange Losses		275,347.09	
For Employees' Sick Benefits		100,000.00	375,347.09
Capital Stock—Par Value $10.00 per Share			
Authorized	20,000,000 Shares	200,000,000.00	
Unissued	10,250,000 Shares	102,500,000.00	
Issued (of which 46,392 Shares are held in Treasury)	9,750,000 Shares		97,500,000.00
Earned Surplus			
Balance, January 1, 1941		111,170,098.33	
Net Income for Year ended December 31, 1941		26,114,372.53	
		137,284,470.86	
Less:			
Dividends—$2.00 per share on outstanding stock	$19,407,217.10		
German Investments charged off	5,847,240.97	25,254,458.07	
		112,030,012.79	
Less:			
Book Value (Cost, less $901,633.79 previously charged to Surplus) of 46,392 shares of Treasury Stock	1,646,989.20		
Exchange adjustment due to conversion of net current assets of the Canadian subsidiary into U.S. dollars	466,409.85	2,113,399.05	
Balance, December 31, 1941			109,916,613.74
(Includes undistributed surplus of foreign subsidiaries in the amount of $45,148,518.57)			$261,584,141.42

CERTIFICATE

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1941 and the related Statement of Consolidated Income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We accepted, after examination, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the Consolidated Balance Sheet upon the following basis: net current assets converted into U. S. dollars at the official rate of exchange on December 31, 1941, and the remaining assets and liabilities on a dollar for dollar basis.

In our opinion, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1941, and the results of operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.
Certified Public Accountants

New York, N. Y.
January 24, 1942

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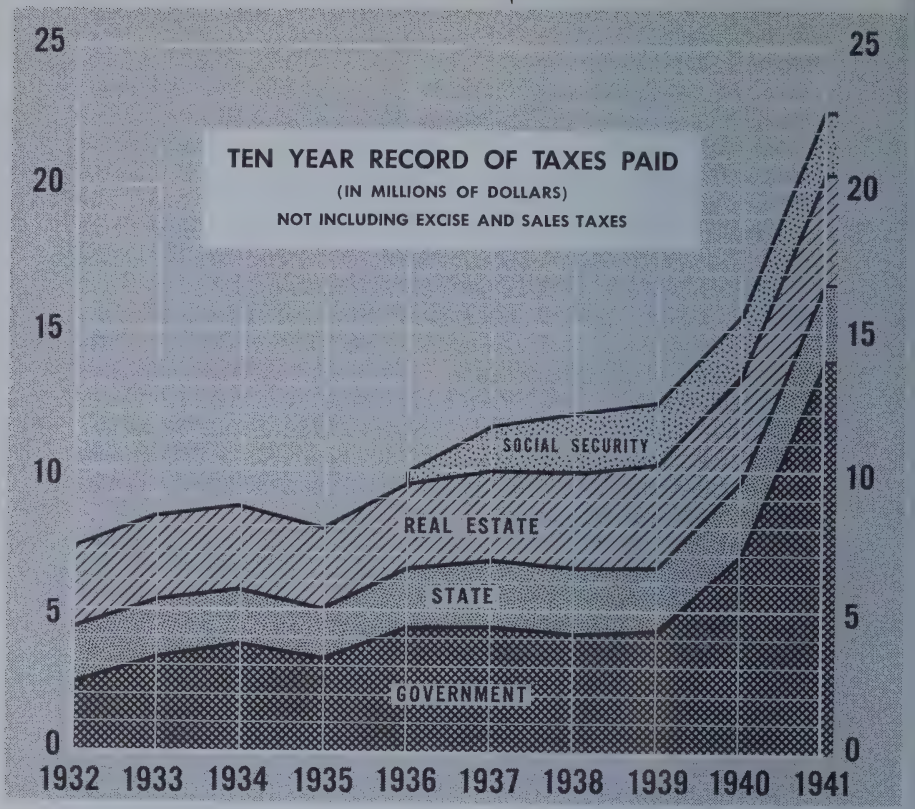
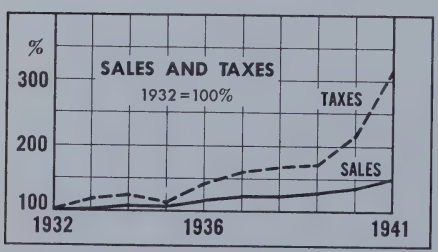
1941	2023	377,148,059	2.69	2.00	"

†Stock dividend of 30% paid in 1920 and 50% in 1927. *Includes $.90 on non-recurring income.

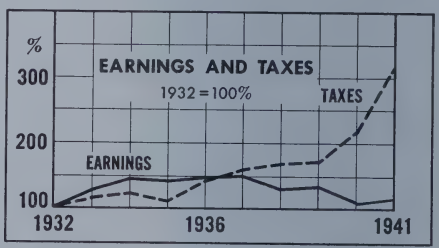


The trend of taxes as a whole as well as of each class of taxes is charted above for the 10 year period ending 1941. It will be seen that total taxes have risen from $7,160,000 in 1932 to $22,510,000 in 1941, an increase of $15,350,000. While all classes of taxes have increased, Governmental taxes, including excess profits and social security, make up $13,492,000, or 88%, of the increase—the major share. The amount of these taxes paid in 1941 was $16,032,000 compared with $2,540,000 in 1932, or 6.3 times as much.

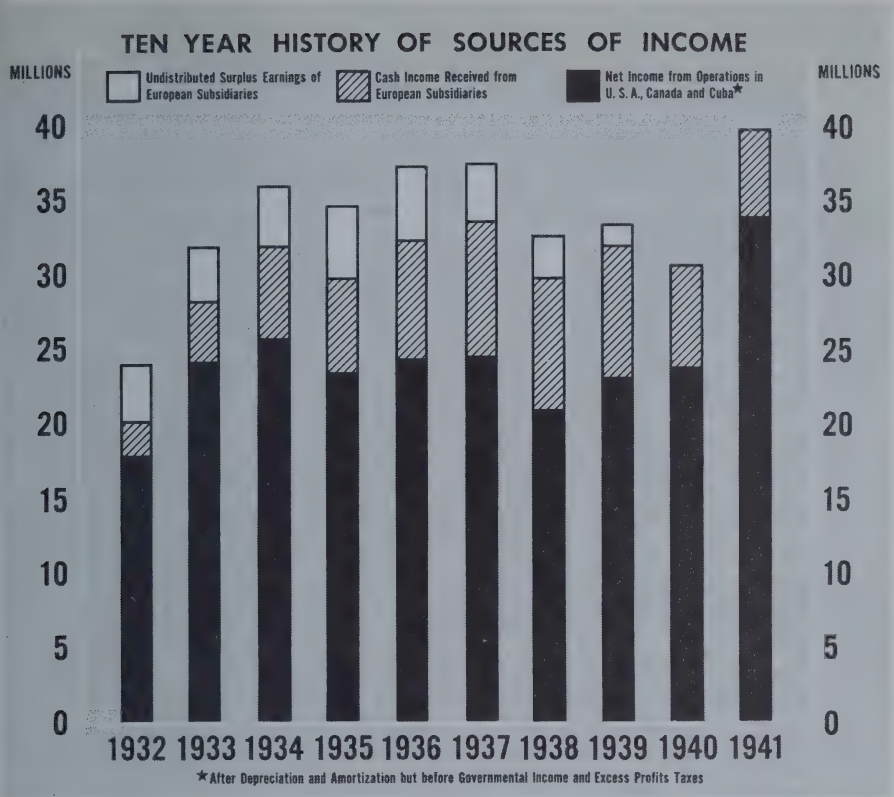
TAXES IN RELATION TO SALES AND NET EARNINGS



In 1936, at the end of 5 years, sales had increased 16.2% and taxes were 39.4% higher. In 1941, at the end of 10 years, sales are 51% above 1932 while taxes are 214% greater.

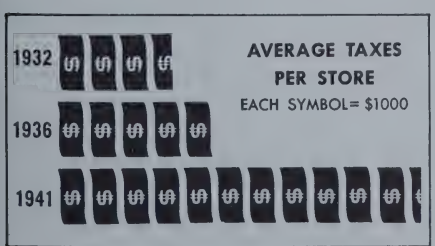


Compared with 1932, net earnings in 1941 show a gain of 18%. During same period taxes have risen 214%. In 1936 taxes were 30.6% of amount of earnings while in 1941 they are 86%.

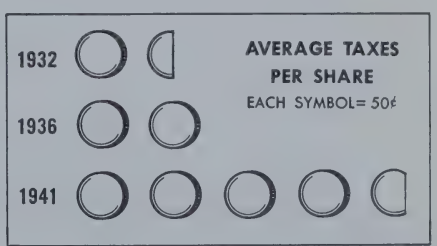


The above chart shows the reversal in trend of sources of income beginning with 1938. Against an annual decrease in foreign income, a successive three year gain has been made in earnings in U. S. A., Canada and Cuba. In 1941 this division of income increased $10,057,000—42%—over 1940, and $9,243,000 over 1937, more than offsetting the decrease of $6,915,000 in foreign income in 1941 compared with 1937. Earnings in U. S. A., Canada and Cuba alone in 1941 exceeded *total* income in 1932, 1933, 1938, 1939, 1940.

TAXES IN RELATION TO STORE UNITS AND SHARES OF STOCK



1932 taxes were equivalent to an average of $3,706 per store. At the end of 1936, they had increased to $4,995 per store. In 1941, taxes had mounted to an average of $11,127 per store.



Taxes per share of stock were 74 cents in 1932, $1.03 in 1936, and $2.32 in 1941. This is equal to 30.8% of 1932 dividend, 42.9% of 1936, and is 16% *in excess* of the 1941 dividend.

TODAY'S WOOLWORTH STORE... BUILT

You find them now in every State and in hundreds of cities — these modern, new Woolworth "Wonder Stores". At the end of 1941, six years after our building program was inaugurated, a total of 971 projects have been completed.

Some are new store units, bringing Woolworth convenience and Woolworth values to their communities or neighborhood shopping sections for the first time. The greater number, however, are rebuilding and modernization projects. In these stores, frequently built on sites where a Woolworth Store has stood for 25 to 50 years, the contrast between the old and the new is strikingly evident.

TOP, LEFT: *Our new store at Canada's Capital City. Opened at Ottawa in 1941. Faces 77 feet on Sparks Street, extending through block to Queen Street. In close proximity to Dominion Government Offices and the Parliament Buildings.*

CENTER: *The Belleville, New Jersey, store. Typical of many such stores erected to serve the daily needs of suburban residents.*

BELOW: *View of main sales floor of the new Harrisburg, Pennsylvania, store. Staircase on right leads to lower sales floor. Note spacious aisles; fluorescent lighting. Floors are dustless, slip-proof terrazzo. This store has over one-half mile of counter space, 45 numbered counter sections and displays from 25,000 to 30,000 items.*

'E MORE CUSTOMERS IN MORE WAYS

A new Woolworth store generally contains two or three times as much sales area as the unit it replaces. This naturally permits the display of larger assortments of merchandise plus the addition of departments which are new to that community.

That customers welcome the improved shopping facilities and conveniences of our new stores is shown by the manner in which they respond to them. A Woolworth opening has the excitement of a civic "event" Officials of the city, heads of civic bodies, our fellow merchants, and the public alike come to inspect and admire the new Woolworth's. A sales

TOP, RIGHT: *Our downtown store in Birmingham, Alabama, closely follows the lines of the Fifth Avenue Woolworth Store in New York. Another store, a smaller neighborhood unit, also serves Birmingham shoppers.*

CENTER: *Albuquerque, New Mexico, population approximately 40,000, is the home of this modern, new unit with one-quarter mile of lineal counter space.*

BELOW: *Luncheon counter in our new Tampa, Florida, store—an example of the excellent facilities of this department. Fixtures are newest type stainless steel. Each seat has back rest, rack for parcels and handbag, and is comfortably upholstered.*

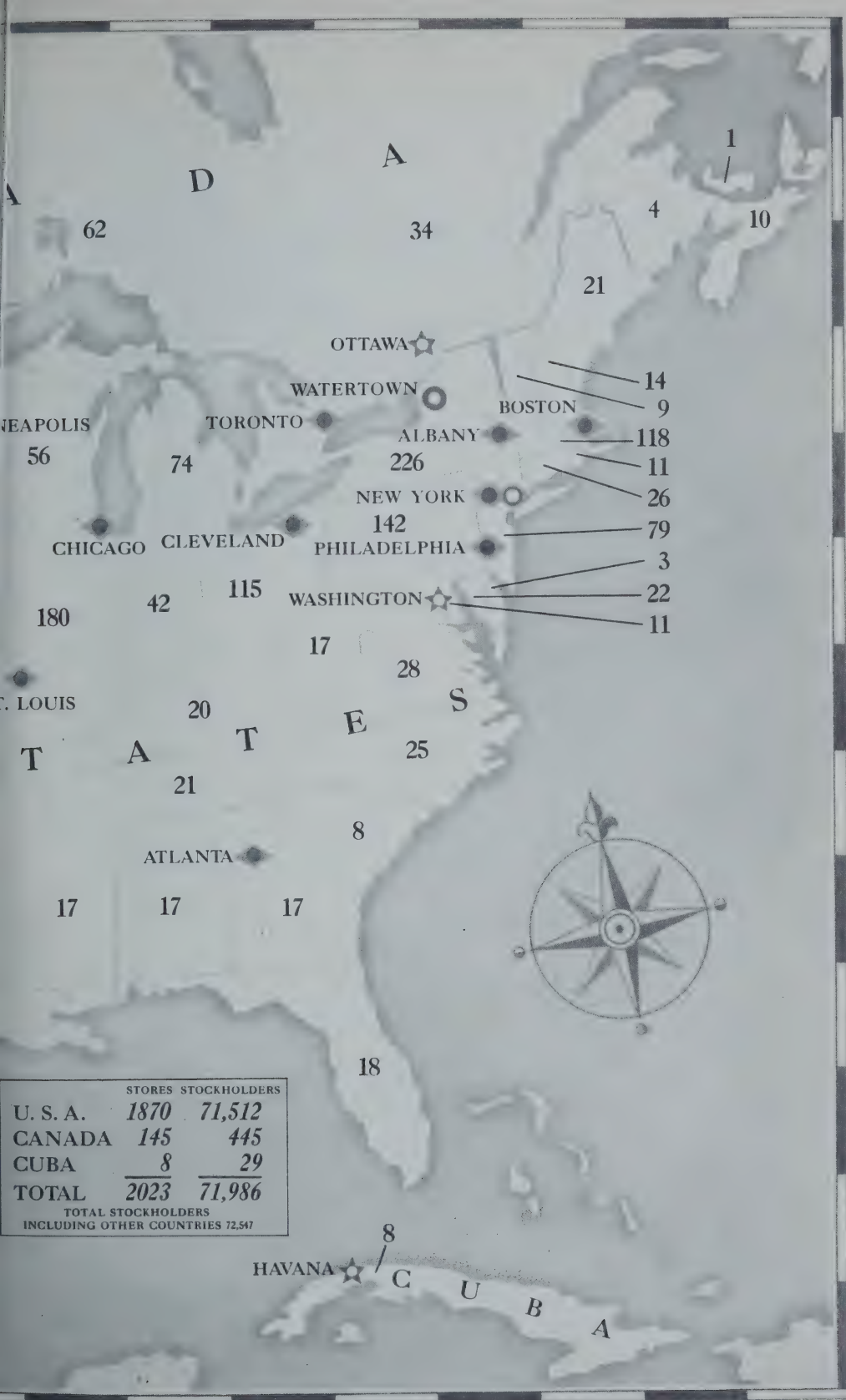
record invariably is set, and sales following the opening always continue at a gratifying high level over the business of the old store.

Shown on these pages are views of several stores, representative of the type of modern merchandising operation carried on today in Woolworth stores. Each new store reflects the experience gained in planning and equipping others; each is carefully gauged to fit the present and future shopping needs of its particular city or shopping community.

TOP, LEFT: *Garden lovers are attracted by the generous selections of potted plants, bulbs and seeds, the attractive containers and the many useful accessories offered by Woolworth's horticulture departments. Shown is the installation at our new Woodward Avenue store in Detroit.*

CENTER: *Lamps of a thousand styles, gracefully designed, efficiently made for every lighting purpose, leave Woolworth's counters to brighten and beautify American homes. This new, double-tier display is at Harrisburg, Pennsylvania.*

BELOW: *All Woolworth stores are cooperating with the Treasury Department in the sale of Defense Savings Stamps. In our larger stores a special booth has been erected, similar to the one illustrated here in the Fifth Avenue Store. Additional information on this activity is given in the Management's letter on a preceding page.*



	STORES	STOCKHOLDERS
U. S. A.	*1870*	*71,512*
CANADA	*145*	*445*
CUBA	*8*	*29*
TOTAL	*2023*	*71,986*

TOTAL STOCKHOLDERS INCLUDING OTHER COUNTRIES 72,547

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ANNUAL REPORT
1942

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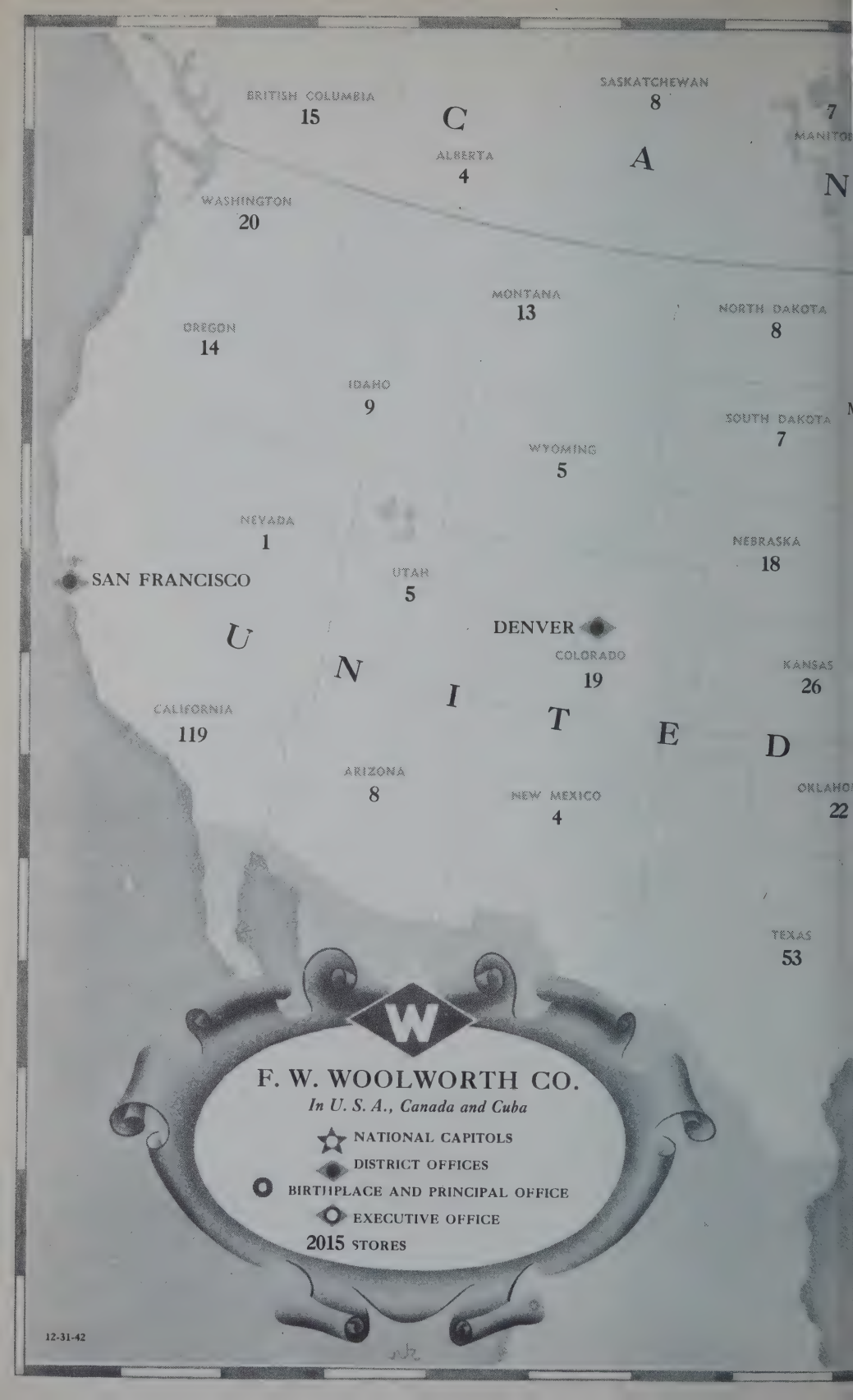
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NORTH DAKOTA
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NEVADA
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SAN FRANCISCO
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COLORADO
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KANSAS
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CALIFORNIA
119
ARIZONA
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NEW MEXICO
4
OKLAHO
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TEXAS
53
W
F. W. WOOLWORTH CO.
In U. S. A., Canada and Cuba
NATIONAL CAPITOLS
DISTRICT OFFICES
BIRTHPLACE AND PRINCIPAL OFFICE
EXECUTIVE OFFICE
2015 STORES
12-31-42

F. W. WOOLWORTH CO.

Executive Office, WOOLWORTH BUILDING
NEW YORK, N. Y.

OFFICERS

C. S. WOOLWORTH	*Chairman, Board of Directors*
C. W. DEYO	*President*
A. L. CORNWELL	*Vice-President & Treasurer*
E. C. MAUCHLY	*Vice-President*
G. F. TERPENNING	*Vice-President*
PAUL HOFER, JR.	*Secretary & Ass't Treasurer*
J. T. LEFTWICH	*Ass't Secretary & Ass't Treasurer*
C. H. LOVELL	*Ass't Secretary*

DIRECTORS

C. S. WOOLWORTH	*Officer*
C. W. DEYO	*Officer*
A. L. CORNWELL	*Officer*
E. C. MAUCHLY	*Officer*
G. F. TERPENNING	*Officer*
PAUL HOFER, JR.	*Officer*
F. R. COLE	*Merchandise Supervisor*
W. L. STEPHENSON	*Chairman, F. W. W. & Co., Ltd., England*
B. D. MILLER	*Member, Executive Committee*
F. J. WECKESSER	*Member, Executive Committee*
E. H. LOTZ	*Manager, Boston District*
C. S. CHAMERLAIN	*Manager, Manhattan District*
S. H. HUBER	*Manager, Philadelphia District*
H. E. O'NEIL	*Manager, St. Louis District*
I. W. KEFFER	*Manager, Canadian District*
L. H. GAUSE	*Manager, Cleveland District*
C. O. GILBERT	*Manager, Albany District*
JESSIE WOOLWORTH DONAHUE	*New York, N. Y.*
FREMONT C. PECK	*New York, N. Y.*
SEYMOUR H. KNOX	*Buffalo, N. Y.*
PHILIP LEHMAN	*New York, N. Y.*
ALLAN P. KIRBY	*Morristown, N. J.*
M. A. SCHENCK	*New York, N. Y.*

TRANSFER AGENT
CITY BANK FARMERS TRUST COMPANY
22 WILLIAM STREET, NEW YORK, N. Y.

•

REGISTRAR
THE NATIONAL CITY BANK OF NEW YORK
55 WALL STREET, NEW YORK, N. Y.

Annual Meeting of Stockholders on Third Wednesday in May at Principal Office, Watertown, N. Y.

CABLE ADDRESS • CRONICON, NEW YORK

TO OUR STOCKHOLDERS

THIS review of operations of your Company for the year 1942 is submitted in order to acquaint you with the pertinent facts. There is included the Consolidated Balance Sheet and Statement of Consolidated Income covering operations in U. S. A., Canada and Cuba. These financial statements include the investment in and cash dividends received from the affiliated British Company. No reports have been received from the German subsidiary, owing to war conditions.

Sales for the year, which were again the highest in the history of the Company, amounted to $423,220,598.73, as compared with $377,148,059.27 for the previous year, an increase of $46,072,539.46. There were 2015 stores in operation at the close of the year, consisting of 1862 stores in U. S. A., 145 stores in Canada and 8 stores in Cuba. During the year 6 new stores were opened and 14 stores were closed. The geographical distribution of the stores and the location of the district offices are shown on a map appearing on the inside of the cover of this report.

Net income for the year amounted to $23,538,739.01, equivalent to $2.43 per share on 9,703,608 shares of capital stock outstanding, of which there is only one class. This compares with $26,114,372.53 for the previous year, or $2.69 per share. A reserve of $22,200,000.00 was set aside for Federal and Canadian income, excess profits and capital stock taxes. Before deducting this reserve for taxes, the net income from regular sources for the year reached an all-time high record of $45,738,739.01 as compared with $39,844,372.53 for the year 1941. If it had not been for the large increase in taxes, the net income for the year would have shown a substantial gain over the previous year. A graph appears on Page 13 showing the comparative

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net income before and after deducting governmental taxes for the past ten years.

Dividends consisting of four quarterly payments of 40c per share, or a total of $1.60 for the year, and amounting in the aggregate to $15,525,772.80 were paid to stockholders, of whom there were 73,043 at the close of the year, as compared with 72,547 a year ago.

Taxes continue to rise, as you will note upon referring to the tax graph on Page 12 of this report, making the problem of management increasingly difficult. The cost of all taxes increased from 86 cents to $3.22 per share during the past ten years. This shows the contribution your Company is making to governmental needs. It also points out to you how essential it is to the Government, from a source of revenue standpoint, that business continue to operate successfully.

All expenses, excepting taxes over which the Management has no control, were carefully controlled throughout the year. The major portion of the increase was attributable to an increase of $8,825,082.00 in wages to store employees. However, expenses in relation to a unit of sales were less than for the previous year.

The Company has maintained a strong financial position. Cash on hand at the end of the year amounted to $26,333,212.31, and in addition $14,000,893.40 was invested in government securities and tax saving certificates, as shown on the Consolidated Balance Sheet. We are also pleased to report that our cash position made possible the repayment of $5,000,000 on the issue of 2½% Sinking Fund Debentures, reducing this indebtedness from $22,000,000 to $17,000,000. We have no bank loans.

The inventory of merchandise on hand at the end of the year amounted to $60,586,621.84 as compared with $67,782,874.49 at the close of the previous year. Our present investment in stock is in line with the governmental inventory control regulations. Your

Management feels that merchandise on hand is well assorted and represents good values, and owing to the rapid turnover of stock and the care exercised by our buyers in the selection of merchandise available, we do not anticipate any material inventory losses in the event of declining prices on account of a sudden termination of the war. Because of the war emergency, we are no longer able to purchase items made of certain materials; but our buyers have in many instances obtained such items made of other materials which are equal in sales appeal, quality and usefulness. In other instances we are replacing items no longer available with new lines not previously carried. As a matter of fact, our buyers and suppliers have, in this emergency, developed many items which may be considered as staple in normal times.

The British Company reports net income of £5,699,822 for the year 1942 before provision for taxes. This compares with £6,404,759 for the previous year. Reserve for taxes was £3,295,835, a decrease of £261,370. The results are most satisfactory considering the many disadvantages under which that Company operated due to war conditions. A dividend of one shilling-six pence has been declared on ordinary (common) shares, payable in February, 1943, making a total dividend of two shillings-six pence per share applicable to 1942 earnings, as compared with two shilling-nine pence for the previous year. The surplus carried forward after deducting the February 1943 dividend increased to £7,076,781 from £7,057,795 a year ago.

The investment in the British Company, of which this Company owns 52.7% of the ordinary (common) stock, has been carried on our books at a value based upon a rate of exchange of $4.644 to the pound, the average rate over a period of years. This investment has been written down from $40,586,667.29 to $30,879,630.14, as a result of revaluing the investment at the now official rate of exchange of $4.02½ to the pound, applied to the portion of the surplus of the British Company carried forward to January 1, 1942 applicable to the percentage of stock ownership of this

Company, plus original cost of the investment. The market value of this investment on the London Stock Exchange on December 31, 1942 amounted to $188,519,428.13 when converted at the official rate of exchange.

On account of the war emergency, the program of enlargement and improvement of stores was limited to only a few stores on which the work was in progress when building restrictions became effective. For the duration, it will be necessary to limit improvement of stores to upkeep only.

Your Company has given wholehearted cooperation to the Federal Government in the sale of War Savings Stamps and Bonds, which amounted to $23,590,604.50. Further details concerning our effort, which our stockholders may view with satisfaction, are given on Page 16 of this report.

We wish to pay special tribute to the more than three thousand, or approximately 30%, of our male employees in active military service, a large number of whom because of their experience and specialized training are now commissioned officers. Quite naturally your Company feels keenly the temporary loss of the services of these key employees but we are meeting this situation for the duration by developing other experienced employees.

The Directors regret to record the death of Mr. Edward Cornell on November 17, 1942. Mr. Cornell acted in the capacity of organization counsel at the time this Company was formed in 1912, and he was retained as counsel and was a Director of this Company continuously until he passed away.

There is directed to the stockholders a certificate of the Certified Public Accountants, R. G. Rankin & Co., which appears in this report following the financial statements. It is the intention to continue the services of this firm to audit the records for the year 1943.

Needless to say, the success of the business depends in a large

measure upon the cooperation of everyone associated with it. We therefore acknowledge and pay tribute to the loyalty shown by our Store Managers and employees numbering more than 80,000, our District Managers and their staffs and all members of our Executive Office. The Management also appreciates fully the splendid cooperation of manufacturers who supply us with merchandise.

WHILE your Management looks forward with confidence to the new year, the prospects are obviously somewhat uncertain because of the influence of the war emergency upon the entire economy of this country. We are confronted daily with many unforeseen and difficult problems. However, the knowledge gained during the period of the previous World War and since that time in coping with many intricate problems has equipped our organization with experience that is invaluable in the present emergency. We are ever mindful of the fact that we must retain the good-will of our millions of Woolworth customers by having on the counters an assortment of merchandise to satisfy their needs. This we will endeavor to do in order to operate the business successfully, keeping in mind that we are entrusted with the responsibility of protecting the investment of our stockholders.

Respectfully submitted,

C. S. Woolworth

CHAIRMAN OF THE BOARD

PRESIDENT

January 29, 1943.

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1942 and 1941

	1942	1941
Sales—United States, Canada and Cuba	$423,220,598.73	$377,148,059.27
Less: Cost of Sales and Expenses	373,298,262.15	335,746,572.97
(Cost of sales computed on first in—first out basis)		
Net Profit from Operations	$ 49,922,336.58	$ 41,401,486.30
Add—Other Income		
Income from Real Estate	$ 746,463.26	$ 825,887.77
Dividends—F. W. Woolworth & Co., Ltd., England	4,374,933.43	5,707,297.15
Interest and Miscellaneous	114,716.71	96,894.64
Realization of German Currency	—	400,063.12
Total	$ 5,236,113.40	$ 7,030,142.68
Balance	$ 55,158,449.98	$ 48,431,628.98
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,164,389.02	$ 3,107,571.35
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	5,218,464.96	4,687,151.77
Interest	637,939.29	583,769.23
Foreign Exchange Loss	237,118.87	208,764.10
Loss on Sale of Real Estate	161,798.83	—
Total	$ 9,419,710.97	$ 8,587,256.45
Net Profit before U. S. A. and Canadian Taxes	$ 45,738,739.01	$ 39,844,372.53
Deduct:		
Provision for Income and Capital Stock Taxes	$ 10,200,000.00	$ 9,030,000.00
Provision for Excess Profit Taxes	12,000,000.00	4,700,000.00
Total	$ 22,200,000.00	$ 13,730,000.00
Net Profit—transferred to Surplus	$ 23,538,739.01	$ 26,114,372.53

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars at the official rate of 90.09 cents, as follows: 1942—$1,192,571.58; 1941—$1,695,464.47.

ASSETS

Current Assets	*1942*	*1941*
Cash	$ 26,333,212.31	$ 19,590,902.20
Government Bonds	6,000,893.40	—
Receivables	1,489,636.64	1,262,592.30
Merchandise Inventories—Valued at Cost	60,586,621.84	67,782,874.49
Merchandise in Transit—at Cost	2,318,011.75	1,782,335.72
Total Current Assets	$ 96,728,375.94	$ 90,418,704.71
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England (conversion rates: 1942—$4.025; 1941—$4.644)	$ 30,879,630.14	$ 40,587,155.52
Mortgages Receivable	1,294,167.65	1,303,935.15
Other Securities—Cost, less Reserve	103,296.08	853,173.60
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 32,277,094.87	$ 42,744,265.27
Fixed Assets—at Cost		
Real Estate and Buildings	$ 30,194,622.74	$ 30,060,322.82
Less: Reserve for Depreciation of Buildings	4,918,845.27	4,656,311.86
	$ 25,275,777.47	$ 25,404,010.96
Furniture and Fixtures	$ 57,366,816.14	$ 56,809,931.81
Less: Reserve for Depreciation	14,161,305.65	13,184,983.02
	$ 43,205,510.49	$ 43,624,948.79
Equipment, less Amortization	$ 797,363.74	$ 373,125.72
Total Fixed Assets	$ 69,278,651.70	$ 69,402,085.47
Leaseholds and Alterations—Unamortized Cost		
Buildings on Leased Ground	$ 17,046,254.01	$ 16,122,423.61
Alterations to Leased and Owned Buildings and Store Organization Expenses	42,713,791.50	44,773,195.24
	$ 59,760,045.51	$ 60,895,618.85
Less: Amortization for year	5,218,464.96	4,687,151.77
Balance	$ 54,541,580.55	$ 56,208,467.08
Other Assets		
Store and Office Supplies—Valued at Cost	$ 2,013,883.77	$ 1,903,027.34
Prepaid Expenses	1,063,985.47	907,590.55
Post-War Credit on Canadian Excess Profits Tax	166,666.67	—
Total Other Assets	$ 3,244,535.91	$ 2,810,617.89
Goodwill	1.00	1.00
	$256,070,239.97	$261,584,141.42

The statement includes net current assets of the Canadian subsidiary as follows: 1942 — $6,012,562.87; 1941— $4,240,089.41; and other net assets of that subsidiary as follows: 1942 — $8,830,220.39; 1941 — $9,649,483.82.

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December 31, 1942 and 1941

LIABILITIES AND CAPITAL

Current Liabilities	*1942*	*1941*
Accounts Payable and Accruals	$ 12,879,587.17	$ 11,227,117.12
Accounts Payable—Merchandise in Transit	2,318,011.75	1,782,335.72
Mortgage Payments	118,577.25	388,411.49
Accrued Interest on Debentures	194,791.63	252,083.32
Reserve for Federal and Canadian Taxes (1942 stated after deducting $8,000,000.00 of tax anticipation certificates held)	15,686,817.13	16,102,707.94
Total Liabilities	$ 31,197,784.93	$ 29,752,655.59
Long-Term Debt		
Fifteen Year 2½% Sinking Fund Debentures, due July 15, 1955	$ 17,000,000.00	$ 22,000,000.00
Purchase Money Mortgages	2,019,111.06	2,039,525.00
Total Long Term Debt	$ 19,019,111.06	$ 24,039,525.00
Reserves		
For Foreign Exchange Losses	$ 30,801.18	$ 275,347.09
For Employees' Sick Benefits	100,000.00	100,000.00
Total Reserves	$ 130,801.18	$ 375,347.09
Capital Stock—Par value $10 per share		
Authorized 20,000,000 Shares	$ 200,000,000.00	$ 200,000,000.00
Unissued 10,250,000 Shares	102,500,000.00	102,500,000.00
Issued (of which 46,392 Shares are held by the Company). 9,750,000 Shares	$ 97,500,000.00	$ 97,500,000.00
Earned Surplus		
Balance, January 1st	$ 111,563,602.94	$ 111,170,098.33
Add: Net Profit for the year	23,538,739.01	26,114,372.53
	$ 135,102,341.95	$ 137,284,470.86
Deduct:		
Dividend declared and paid (1942—$1.60 a share; 1941—$2.00 a share)	$ 15,525,772.80	$ 19,407,217.10
Reduction in investment in foreign subsidiaries:		
F. W. Woolworth Co., G.m.b.H., Germany	—	5,847,240.97
F. W. Woolworth & Co., Limited, England	9,707,037.15	—
Exchange adjustment to convert net current assets of the Canadian subsidiary into U. S. dollars	—	466,409.85
Book value of 46,392 shares of Treasury Stock, less $901,633.79, previously charged to Surplus.	1,646,989.20	1,646,989.20
Total Deductions	$ 26,879,799.15	$ 27,367,857.12
Balance	$ 108,222,542.80	$ 109,916,613.74
	$ 256,070,239.97	$ 261,584,141.42

Earned Surplus includes undistributed surplus of foreign subsidiaries as follows: 1942—$36,639,903.12; 1941—$45,148,518.57.

CERTIFICATE

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1942 and the related Statement of Consolidated Income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We accepted, after examination, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the Consolidated Balance Sheet upon the following basis: net current assets converted into U. S. dollars at the official rate of exchange on December 31, 1942 and the other net assets at the prevailing rate of exchange when acquired.

In our opinion, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1942, and the results of operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

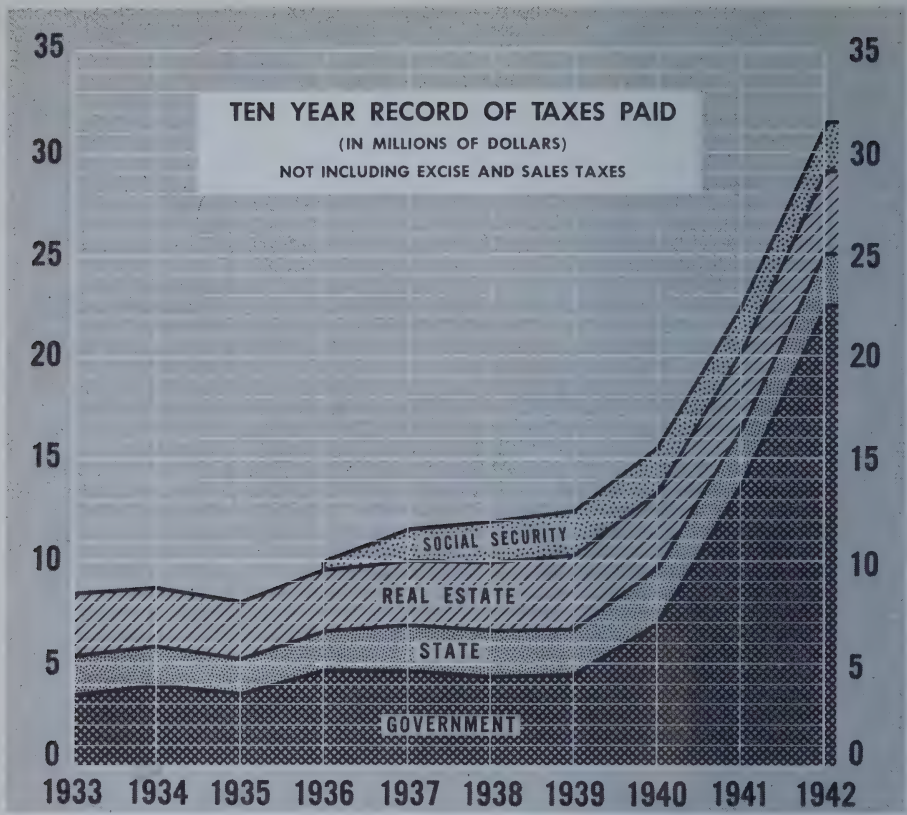
R. G. RANKIN & CO.
Certified Public Accountants

New York, N. Y.
January 29, 1943

COMPARATIVE SALES AND NET EARNINGS

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	Par Value
1912	631	$ 60,557,767	$ 8.73	$ 2.00	$100
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87†	8.00	"
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95	2.50	25
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06†	5.00	"
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66	2.40	10
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24*	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	"
1939	2021	318,839,663	3.02	2.40	"
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	"
1942	2015	423,220,598	2.43	1.60	"

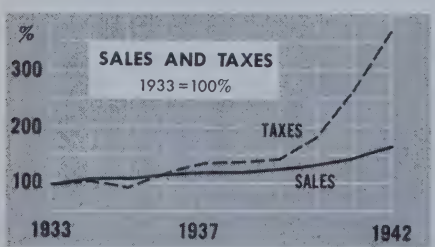
†Stock dividend of 30% paid in 1920 and 50% in 1927. *Includes $.90 on non-recurring income.

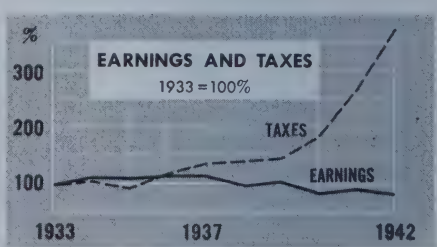


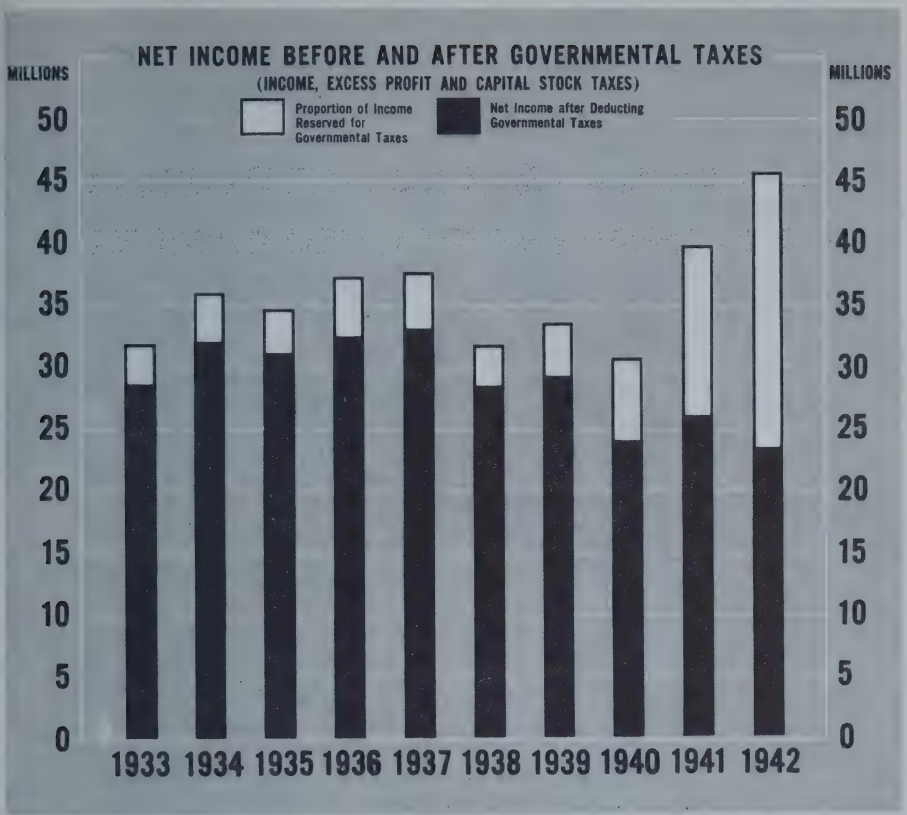
The above chart indicates a greatly accelerated increase in taxes during recent years. Governmental taxes have trebled in the past 3 years. During the 10-year period, the total of all taxes has increased almost 4 times.

The graphs below show that taxes have increased at a much greater rate than sales and earnings. This disproportionate increase in the ratio of taxes to sales had the effect of depressing net earnings.

TREND OF TAXES COMPARED WITH SALES AND NET EARNINGS



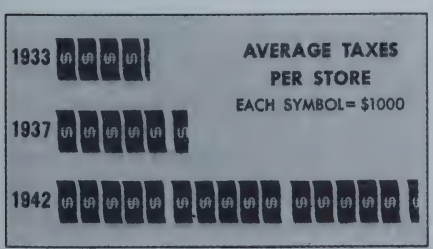


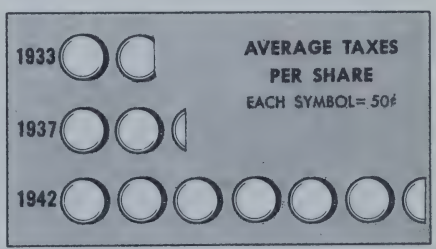


In 1933 about one-tenth of our net income was reserved for Governmental taxes. In 1941 it climbed to more than one-third. In 1942 almost one dollar in every two earned was needed to pay Governmental taxes.

Graphs below show average taxes, all classes, per share of stock and per store unit. Taxes paid per share are now double dividends paid per share. Taxes averaged $55 per store for every working day in 1942.

AVERAGE TAXES PAID PER STORE UNIT AND SHARE OF STOCK



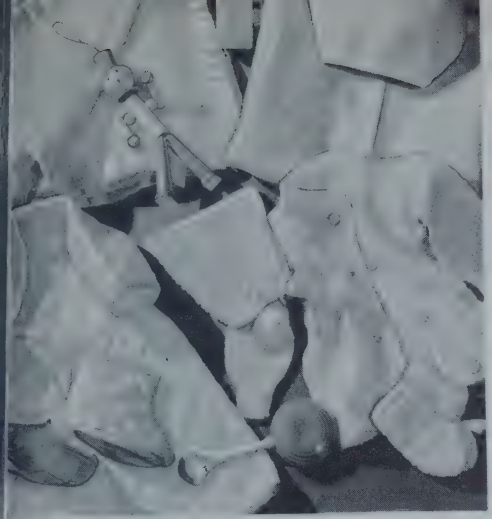


THE ANSWER
TO A FREQUENT QUESTION

It is but natural for the stockholder
ask, "Will you have merchandise to s
in 1943?"

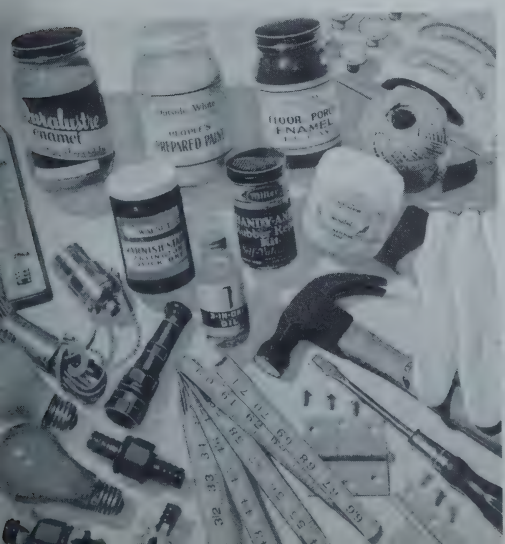
To help answer this question, we ha
had the series of pictures made on th
pages. In them you will see a simple cr
section of merchandise lines which
hope will be found in most Woolwor
stores in the United States during 194

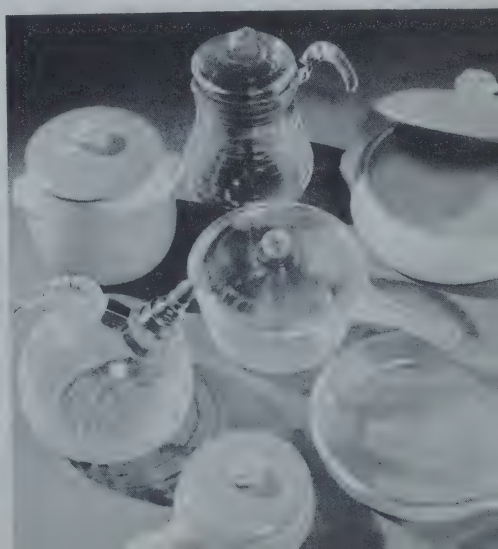
Our suppliers and buyers have work



ether in a common effort to supply our illions of customers with merchandise y need and want, while at the same ne conforming whole-heartedly and sin-ely to Governmental regulations nec-ary to the winning of the war.

usual Woolworth counters will sparkle th color and newness and interest — a agnet to American families, upholding e sound and traditional Woolworth pol-y of continually bringing more and more pensive types of merchandise within oolworth's popular price range.





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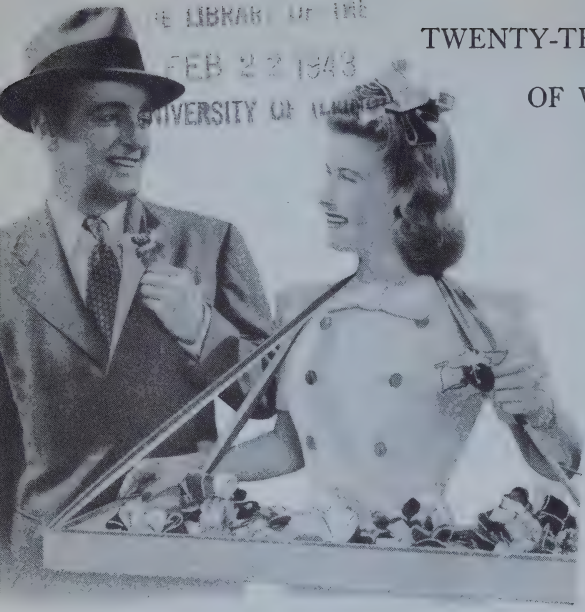
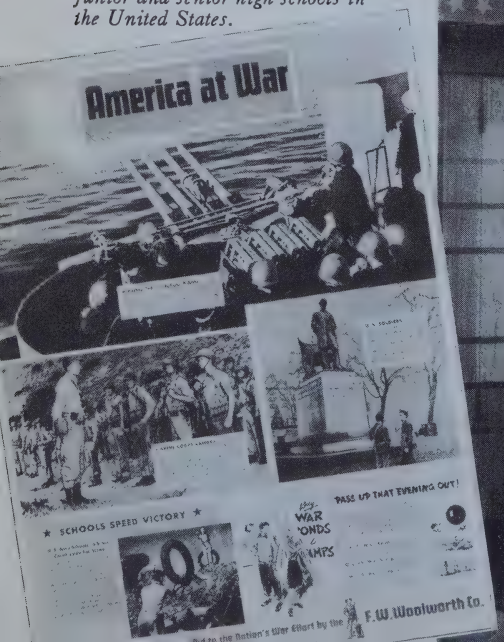


BOUTONNIERE: *Woolworth girls fashioned millions of War stamp corsages and boutonnieres, as an aid to popularize stamp buying.*

BOOTH: *This is typical of Bond and Stamp booths in many of our larger stores. Woolworth builds booths and provides space; uses own capital to maintain stock of stamps.*

POSTER: *At the invitation of the Treasury Department, Woolworth prepared and furnished War Stamp posters every month to all junior and senior high schools in the United States.*



TWENTY-THREE MILLION DOLLARS WORT

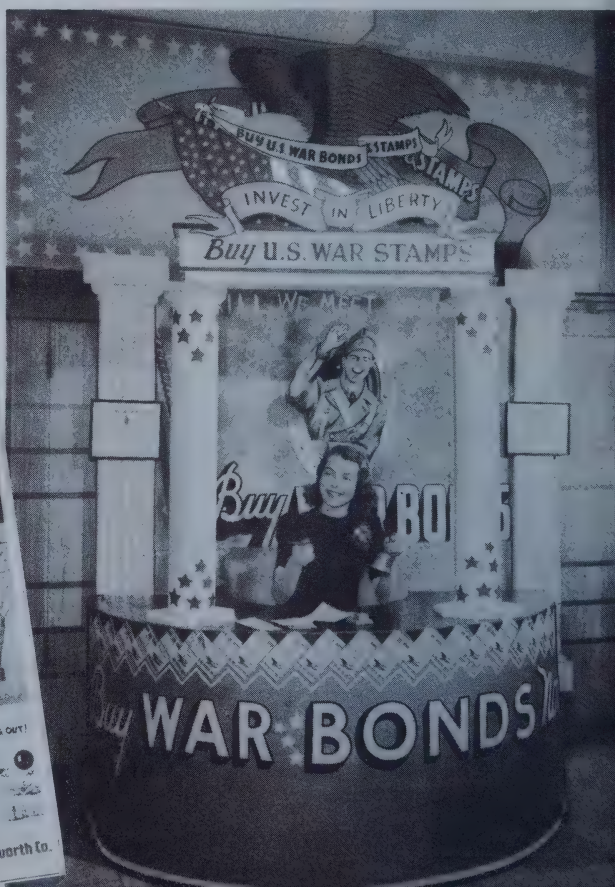
OF WAR BONDS AND STAMPS

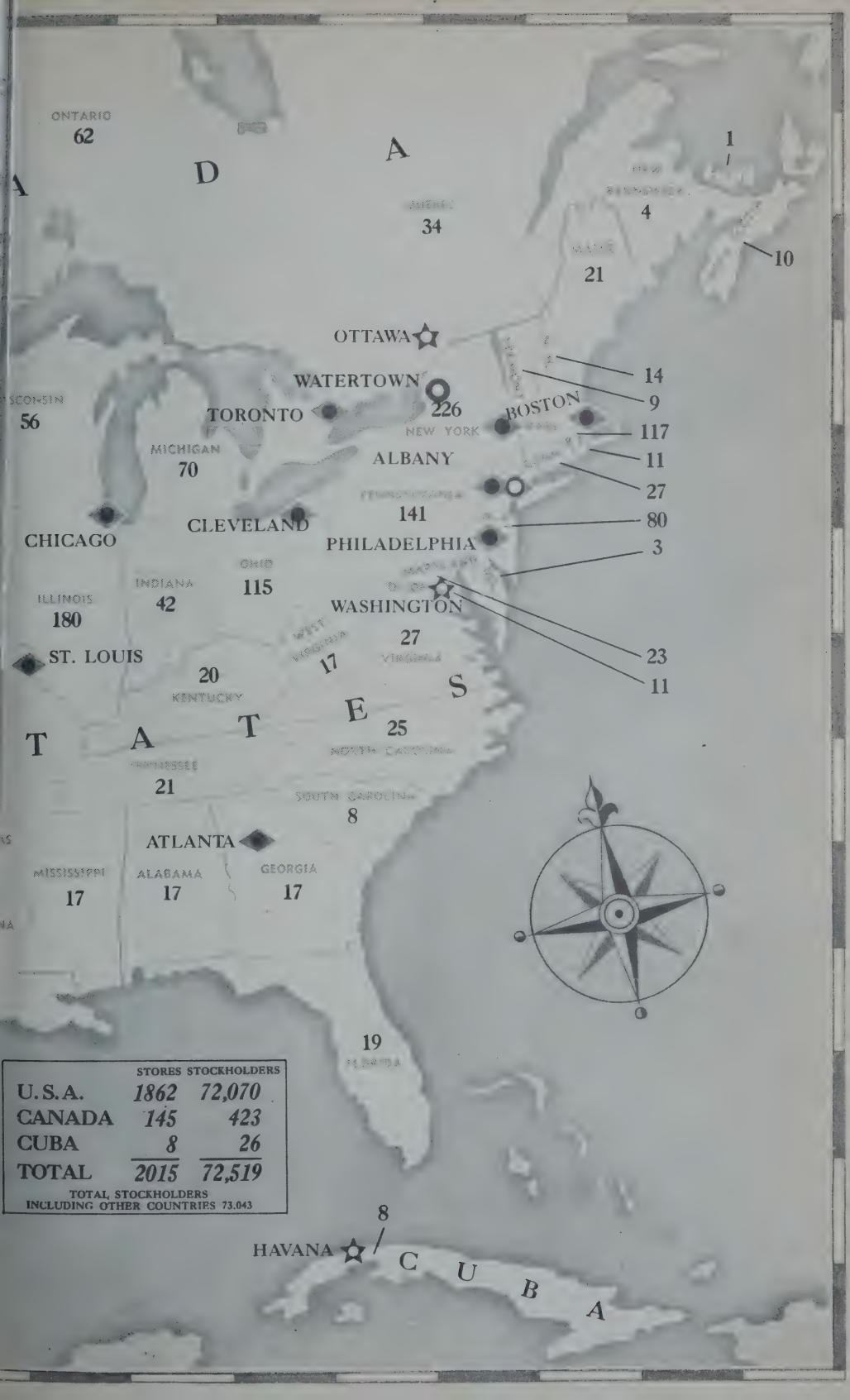
Woolworth stores sold $23,590,604 wor of War Bonds and Stamps in 1942.

Credit for this splendid record belon unreservedly to our store managers a their organizations. They devised, o of their merchandising experience, ma ways of making a "best seller" out our country's war-time investments.

While selling booths in the stores a operated primarily by employees, v have had excellent cooperation fro various local committees. Many speci drives were promoted, and one store so $250,000 worth in one day.

Each employee is presented with a Stam book containing a 25c stamp. When th book is exchanged for a bond, the em ployee receives a new book again wit a 25c stamp. More than 120,000 book have been started by this plan.





	STORES	STOCKHOLDERS
U.S.A.	1862	72,070
CANADA	145	423
CUBA	8	26
TOTAL	2015	72,519

TOTAL, STOCKHOLDERS INCLUDING OTHER COUNTRIES 73.043

8.7
88
43

F. W. WOOLWORTH CO.

Annual Report for the Year Ended December 31, 1943

F. W. WOOLWORTH CO.
FIFTH AVENUE COACH COMPANY
2014

F. W. WOOLWORTH CO.

Officers

C. S. WOOLWORTH
Chairman, Board of Directors

C. W. DEYO
President

A. L. CORNWELL
Vice-President & Treasurer

E. C. MAUCHLY
Vice-President

G. F. TERPENNING
Vice-President

PAUL HOFER, Jr.
Secretary & Ass't Treasurer

J. T. LEFTWICH
Ass't Secretary & Ass't Treasurer

C. H. LOVELL
Ass't Secretary

Directors

C. S. WOOLWORTH	*Officer*
C. W. DEYO	*Officer*
A. L. CORNWELL	*Officer*
E. C. MAUCHLY	*Officer*
G. F. TERPENNING	*Officer*
PAUL HOFER, Jr.	*Officer*
F. R. COLE	*Merchandise Supervisor*
W. L. STEPHENSON	*Chairman, F. W. W. & Co., Ltd., England*
B. D. MILLER	*Member, Executive Committee*
F. J. WECKESSER	*Member, Executive Committee*
E. H. LOTZ	*Manager, Boston District*
C. S. CHAMBERLAIN	*Manager, Manhattan District*
S. H. HUBER	*Manager, Philadelphia District*
H. E. O'NEIL	*Manager, St. Louis District*
I. W. KEFFER	*Manager, Canadian District*
L. H. GAUSE	*Manager, Cleveland District*
C. O. GILBERT	*Manager, Albany District*
JESSIE WOOLWORTH DONAHUE	*New York, N. Y.*
ALLAN P. KIRBY	*President of Allegheny Corporation*
SEYMOUR H. KNOX	*Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
PHILIP LEHMAN	*Banker, Member of Firm Lehman Bros.*
FREMONT C. PECK	*(Temporarily) Officer in United States Army*
MARTIN A. SCHENCK	*Attorney, Member of Firm Davies, Auerbach, Cornell & Hardy*
HARRY E. WARD	*Chairman of Board, Irving Trust Company, N. Y.*

•

Executive Office: WOOLWORTH BUILDING, NEW YORK, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.
Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York, N. Y.

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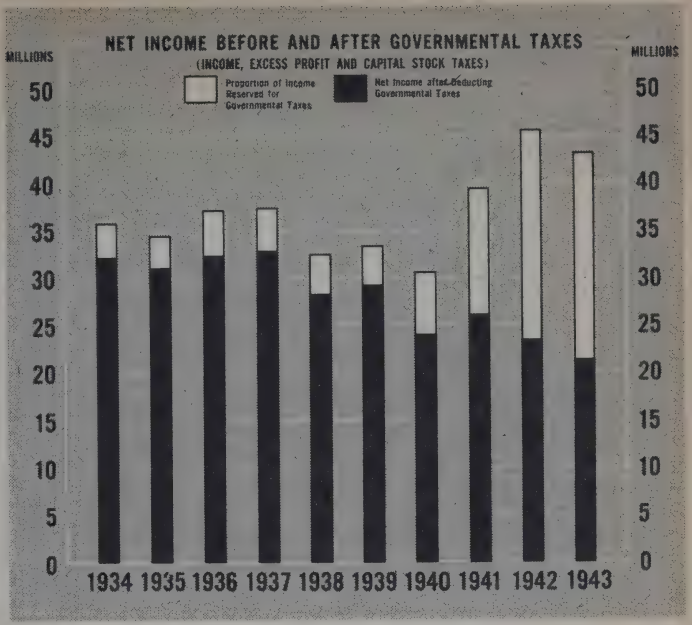
To Our Stockholders:

THE BOARD OF DIRECTORS submits herewith the Annual Report of your Company for the fiscal year ended December 31, 1943. Included therein is the comparative Consolidated Balance Sheet and comparative Statement of Consolidated Income. These financial statements show the result of operations in United States, Canada and Cuba, and also include the investment in and cash income received from the affiliated British Company.

Sales for the year in stores operated in United States, Canada and Cuba, of which there were 2,008, amounted to $439,009,003.09, an increase of $15,788,404.36 over the previous year. This volume of business was again greater than the sales of any previous year in the history of the Company, despite the increasingly difficult task of obtaining merchandise. Because of governmental restrictions no new stores were opened during the year and 7 stores were closed on account of unsatisfactory operating conditions. The geographical location of stores is shown on a map appearing on page 12 of this report.

Net income for the year after deducting $21,200,000.00 to cover provision for Federal and Canadian income, excess profits and capital stock taxes, amounted to $21,951,965.23, or equivalent to $2.26 per share on 9,703,608 shares of capital stock outstanding. This compares with a net income of $23,538,739.01, or $2.43 per share for the year 1942. The decrease in net income, in spite of a sales increase for the year, is due to the fact that store operating expenses showed a greater relative increase than sales, and furthermore, income from the British Company was $1,193,158.54 less than received in the previous year. Approximately one-half of net income was taken for governmental taxes, as shown on the

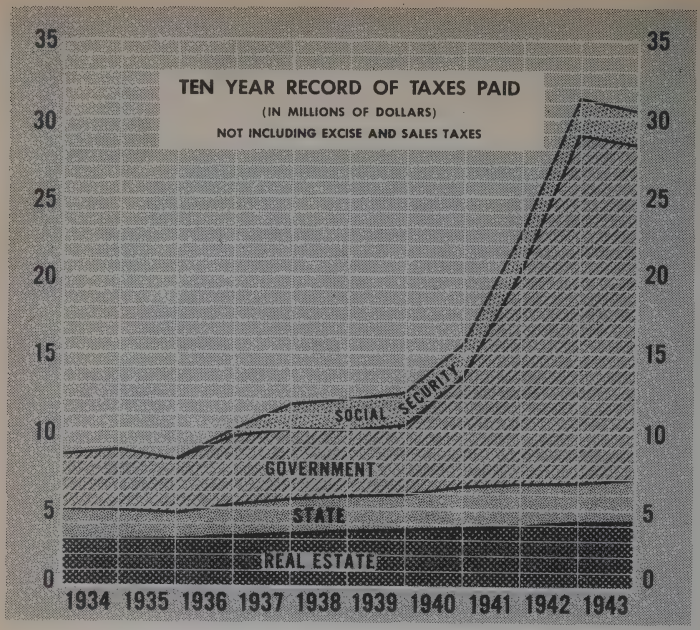
graph on this page, which also gives the trend of taxes in relation to net income over the past ten years.



DIVIDENDS of $15,525,772.80 were paid to stockholders, consisting of four quarterly payments of 40c per share, or a total of $1.60 per share for the year, which was the same rate as paid during the previous year. There were 73,538 stockholders at the end of the year, as compared with 73,043 a year ago. A dividend of 40c per share was declared by the Directors after the close of the year, payable March 1, 1944 to stockholders of record February 10th.

Cash on hand amounted to $35,491,480.92, and in addition $20,256,864.93 was invested in government securities. This compares with $26,333,212.31 in cash and $14,000,893.40 in securities at the close of 1942. Although cash on hand shows a substantial increase, $10,000,000.00 was later used for the purchase of government securities in the January War Loan drive. It is the policy of the Management to build up a strong cash position in anticipation of post-war requirements.

The investment in merchandise stocks at the close of the year amounted to $57,241,887.27, as compared with $60,586,621.84 at the end of the year 1942. This reduction is desirable, as your Management feels that best results can be obtained under present conditions by keeping merchandise inventory as low as possible, consistent with anticipated sales requirements. The situation as

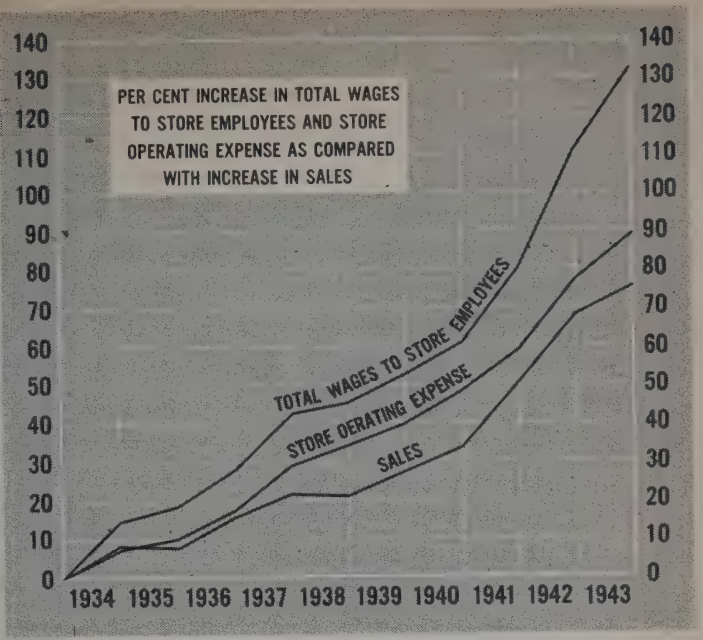


regards merchandise inventoried is similar to that stated last year; namely, that stocks on hand represent good values, and in view of the rapid turnover of most of the lines carried in our stores, we do not anticipate any material inventory losses in the event better values become available during the period of readjustment to more normal economic conditions.

TAXES of every nature for the year amounted to $30,579,581.41, or equivalent to $3.15 per share. This clearly indicates to the stockholders the burden now placed upon business through taxation. The trend of the various taxes for the past ten years is shown in the *graph above*.

Store operating expense control was given serious thought and consideration throughout the year. Nevertheless, there was a substantial increase, due principally to increase in total wages paid to store employees, which was the major item of expense; therefore, while sales increased for the year, the resulting improvement in gross profit was not sufficient to overcome this increase in expense, thereby adversely affecting net income from store operations for the year. The *graph* on the opposite page shows the percent of increase in store expense and wages as compared with sales increase, for the past ten years.

The honor roll of the Company shows 4,729 men now serving their country in the armed forces, who represent approximately



45% of our male employees. There are also 286 women in the service. The temporary loss of the services of these employees has created problems in the operation of the business; however, the whole-hearted cooperation of our many employees, for which the Management wishes to express its appreciation, has enabled us to continue to render reasonably satisfactory service to our customers.

Through the splendid cooperation of our many employees and customers, war savings stamps and bonds in the amount of $53,464,389.15 were sold in the stores in U. S. A. during the past year. Further details are given on page 16 of this report.

The British Company, in which this Company owns a majority stock interest, reports net income of £5,203,654 for the year 1943 before provision for taxes. This compares with £5,699,822 for the previous year. Reserve for taxes was £3,037,594. This showing is considered very satisfactory in view of the very difficult circumstances under which that Company is operating. A dividend of one shilling-six pence has been declared on the Ordinary (Common) shares, payable March 1st, 1944. This makes a total dividend disbursement of two shillings per share out of 1943 earnings, as compared with two shillings-six pence per share for the previous year. The final surplus carried forward by that Company after deducting the March 1st dividend increased to £7,232,840 as compared with £7,076,781 a year ago.

There is directed to the stockholders a certificate of the certified public accountants, R. G. Rankin & Co., which follows the financial statements. It is the intention to continue the services of this firm to audit the records for the year 1944.

RETAIL business in particular is confronted with many new and intricate problems, due primarily to governmental regulations, some of which are very difficult to solve; therefore, future results cannot be forecast with any degree of certainty; however, your Management is constantly planning to meet changing conditions as they become apparent, and has a keen sense of its responsibility to stockholders, employees and customers.

By order of the Board of Directors

C. S. Woolworth

CHAIRMAN OF THE BOARD

PRESIDENT

January 28, 1944.

The next annual meeting of the stockholders will be held on Wednesday, May 17, 1944. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 20, 1944, at which time proxies will be requested by the Management.

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1943 and 1942

	1943	1942
Sales—United States, Canada and Cuba	$439,009,003.09	$423,220,598.73
Less: Cost of Sales and Expenses (Cost of sales computed on first in—first out basis)	391,082,029.74	373,298,262.15
Net Profit from Operations	$ 47,926,973.35	$ 49,922,336.58
Add—Other Income		
Income from Real Estate	$ 816,701.14	$ 746,463.26
Dividends—F. W. Woolworth & Co., Ltd., England	3,181,774.89	4,374,933.43
Interest and Miscellaneous	237,074.69	114,716.71
Total	$ 4,235,550.72	$ 5,236,113.40
Balance	$ 52,162,524.07	$ 55,158,449.98
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,143,308.63	$ 3,164,389.02
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	5,031,413.02	5,218,464.96
Interest	490,128.87	637,939.29
Foreign Exchange Loss	239,169.06	237,118.87
Loss on Sale of Real Estate	106,539.26	161,798.83
Total	$ 9,010,558.84	$ 9,419,710.97
Net Profit before U. S. A. and Canadian Taxes	$ 43,151,965.23	$ 45,738,739.01
Deduct		
Provision for Excess Profits Taxes	$ 10,722,000.00	$ 13,263,000.00
Less: Post-War Credit	1,222,000.00	1,263,000.00*
Net Excess Profits Taxes	$ 9,500,000.00	$ 12,000,000.00
*Owing to the retirement of debentures, an amount of $1,078,000.00 of the Post-War credit in 1942 was taken currently		
Provision for Income and Capital Stock Taxes	11,700,000.00	10,200,000.00
Total	$ 21,200,000.00	$ 22,200,000.00
Net Profit—transferred to Surplus	$ 21,951,965.23	$ 23,538,739.01

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars at the official rate of 90.09 cents, as follows: 1943 — $1,367,474.22; 1942 — $1,192,571.58.

ASSETS

Current Assets	*1943*	*1942*
Cash	$35,491,480.92	$ 26,333,212.31
Government Bonds and Tax Savings Notes	20,256,864.93	14,000,893.40
Receivables	1,079,267.51	1,489,636.64
Merchandise Inventories—Valued at cost	57,241,887.27	60,586,621.84
Merchandise in Transit—at cost	2,701,266.03	2,318,011.75
Total Current Assets	$116,770,766.66	$104,728,375.94
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England (conversion rate: 1943 and 1942 — $4.025)	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	1,088,172.66	1,294,167.65
Other Securities—Cost, less reserve	102,547.08	103,296.08
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 32,070,350.88	$ 32,277,094.87
Fixed Assets—at cost		
Real Estate and Buildings	$ 32,397,498.49	$ 30,194,622.74
Less: Reserve for Depreciation of Buildings	5,208,927.13	4,918,845.27
	$ 27,188,571.36	$ 25,275,777.47
Furniture and Fixtures	$ 56,058,258.42	$ 57,366,816.14
Less: Reserve for Depreciation	15,447,141.20	14,161,305.65
	$ 40,611,117.22	$ 43,205,510.49
Equipment, less amortization	$ 913,389.35	$ 797,363.74
Total Fixed Assets	$ 68,713,077.93	$ 69,278,651.70
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 16,290,419.68	$ 17,046,254.01
Alterations to Leased and Owned Buildings and Store Organization Expenses	38,578,207.31	42,713,791.50
	$ 54,868,626.99	$ 59,760,045.51
Less: Amortization for year	5,031,413.02	5,218,464.96
Balance	$ 49,837,213.97	$ 54,541,580.55
Other Assets		
Store and Office Supplies—Valued at cost	$ 2,028,057.95	$ 2,013,883.77
Prepaid Expenses	1,470,316.31	1,063,985.47
Post-War Credit on U. S. A. and Canadian Excess Profits Taxes	1,353,211.49	166,666.67
Total Other Assets	$ 4,851,585.75	$ 3,244,535.91
GOODWILL	$ 1.00	$ 1.00
	$272,242,996.19	$264,070,239.97

The statement includes net current assets of the Canadian subsidiary as follows: 1943 — $7,507,990.39; 1942 — $6,012,562.87; and other net assets of that subsidiary as follows: 1943 — $8,681,896.18; 1942 — $8,830,220.39.

LIABILITIES AND CAPITAL

Current Liabilities	*1943*	*1942*
Accounts Payable and Accruals	$ 12,829,733.36	$ 12,879,587.17
Accounts Payable—Merchandise in Transit	2,701,266.03	2,318,011.75
Mortgage Payments	41,325.64	118,577.25
Accrued Interest on Debentures	194,791.63	194,791.63
Reserve for U. S. A. and Canadian Taxes	23,645,478.50	23,686,817.13
Total Current Liabilities	$ 39,412,595.16	$ 39,197,784.93
Long-Term Debt		
Fifteen Year 2½% Sinking Fund Debentures, due July 15, 1955	$ 17,000,000.00	$ 17,000,000.00
Purchase Money Mortgages	3,870,463.98	2,019,111.06
Total Long-Term Debt	$ 20,870,463.98	$ 19,019,111.06
Reserves		
For Foreign Exchange Losses	$ 30,801.18	$ 30,801.18
For Employees' Sick Benefits	100,000.00	100,000.00
Total Reserves	$ 130,801.18	$ 130,801.18
Capital Stock—Par value $10 per share		
Authorized 20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued 10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,392 shares are held by the Company) 9,750,000 Shs.	$ 97,500,000.00	$ 97,500,000.00
Earned Surplus		
Balance, January 1st	$109,869,532.00	$111,563,602.94
Add: Net Profit for the year	21,951,965.23	23,538,739.01
	$131,821,497.23	$135,102,341.95
Deduct:		
Dividends declared and paid ($1.60 a share, 1943 and 1942)	$ 15,525,772.80	$ 15,525,772.80
Additional taxes for prior years	319,599.36	—
Reduction in investment in F. W. Woolworth & Co., Ltd., England	—	9,707,037.15
Book value of 46,392 shares of Treasury Stock, less $901,633.79, previously charged to Surplus	1,646,989.20	1,646,989.20
Total Deductions	$ 17,492,361.36	$ 26,879,799.15
Balance	$114,329,135.87	$108,222,542.80
	$272,242,996.19	$264,070,239.97

Earned Surplus includes undistributed surplus of foreign subsidiaries as follows: 1943 — $37,982,252.84; 1942 — $36,639,903.12.

CERTIFICATE

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1943 and the related Statement of Consolidated Income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We accepted, after examination, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the Consolidated Balance Sheet upon the following basis: net current assets converted into U. S. dollars at the official rate of exchange on December 31, 1943 and the other net assets at the prevailing rate of exchange when acquired.

In our opinion, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1943, and the results of operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

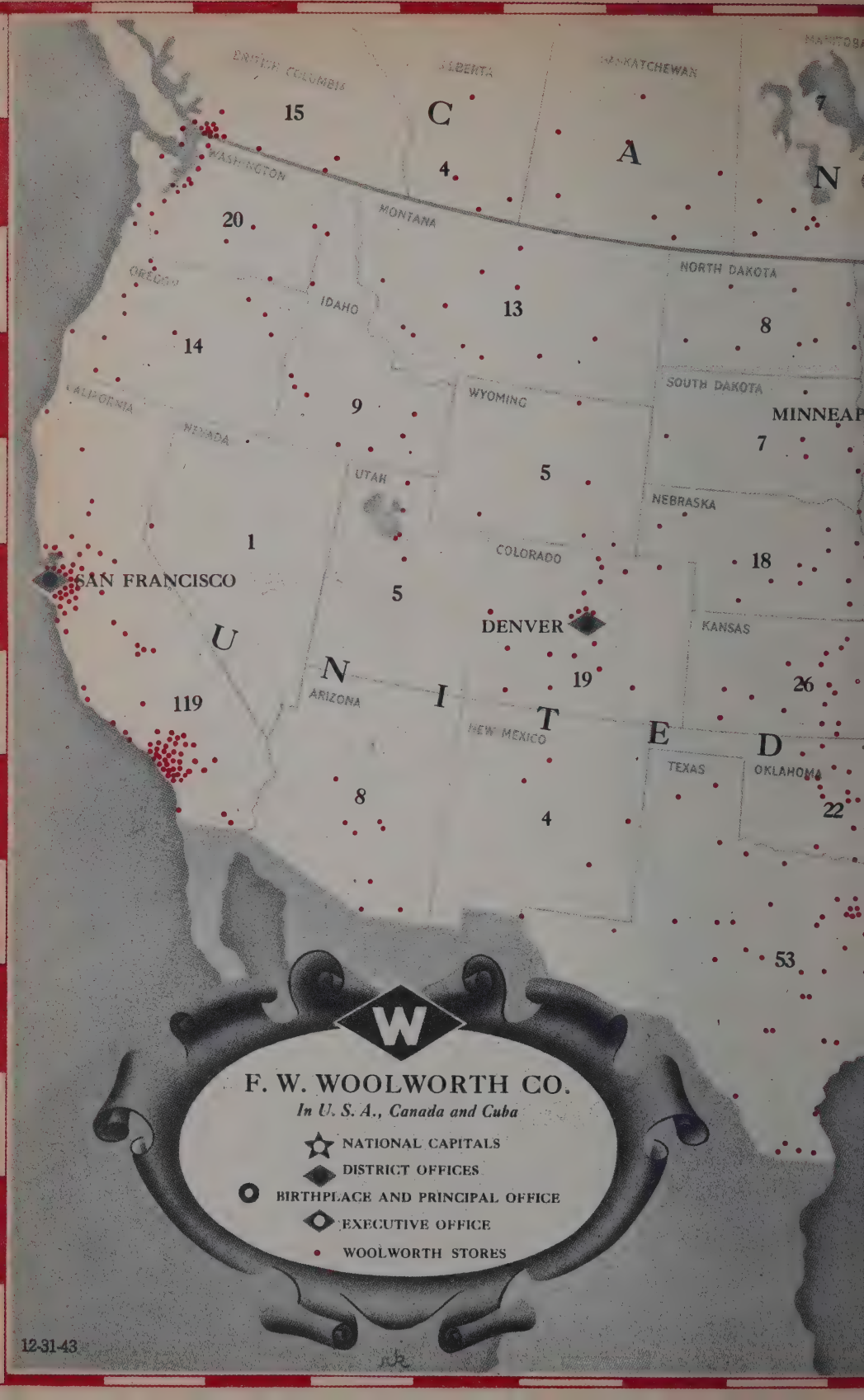
R. G. RANKIN & CO.
Certified Public Accountants

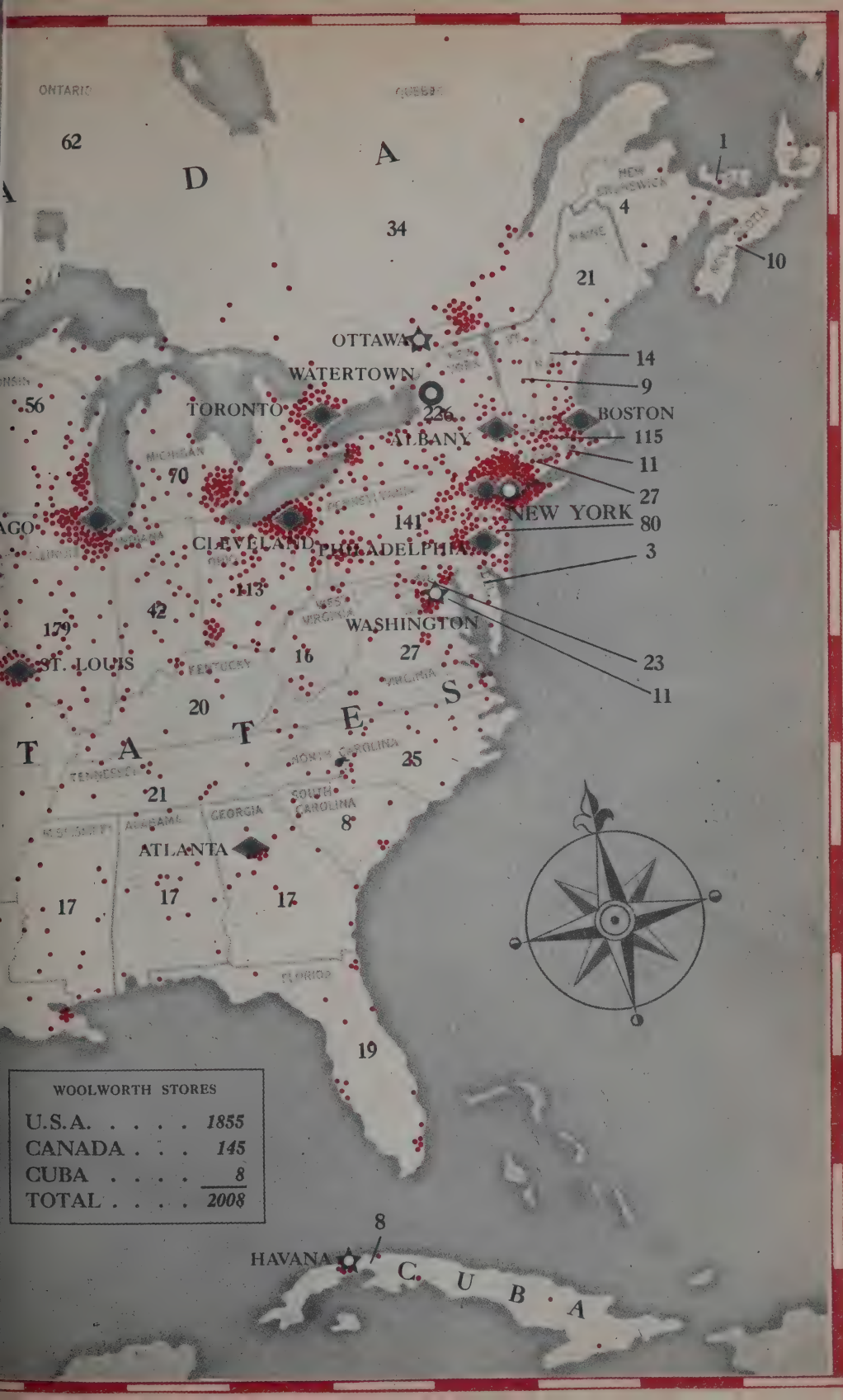
New York, N. Y.
January 28, 1944

COMPARATIVE RECORD

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.


BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
CANADA
15
4
7
WASHINGTON
20
MONTANA
OREGON
IDAHO
13
NORTH DAKOTA
8
14
CALIFORNIA
9
WYOMING
SOUTH DAKOTA
MINNEAP
7
NEVADA
UTAH
5
NEBRASKA
1
COLORADO
18
SAN FRANCISCO
5
DENVER
KANSAS
UNITED
19
26
119
ARIZONA
NEW MEXICO
TEXAS
OKLAHOMA
8
4
22
53
W
F. W. WOOLWORTH CO.
In U. S. A., Canada and Cuba
NATIONAL CAPITALS
DISTRICT OFFICES
BIRTHPLACE AND PRINCIPAL OFFICE
EXECUTIVE OFFICE
WOOLWORTH STORES
12-31-43

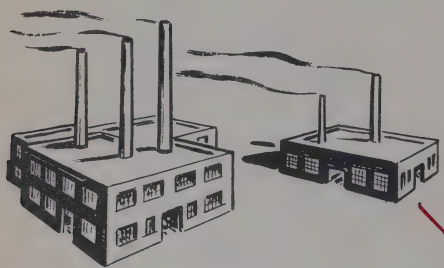


WOOLWORTH STORES	
U.S.A.	*1855*
CANADA	*145*
CUBA	*8*
TOTAL	*2008*

MANPOWER

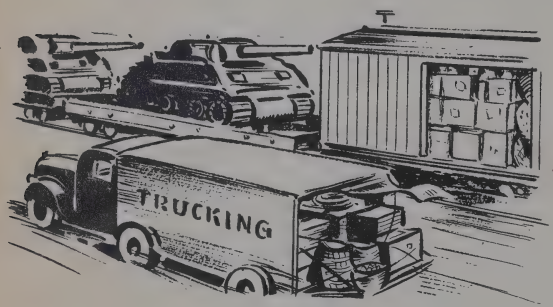
More than 5,000 Woolworth employees ha
tered military service, including many wh
important executive posts. Others have
to temporary but vital war work. These
plus family relocations account for an em
turnover far above the rate of normal
Training new employees has been an ar
large-scale operation.

FEWER SUPPLIERS OF CIVILIAN GOODS



Of the thousands of firms normally furn
our merchandise, a large number have
or partly converted to war products. Short
needed material—outright lack of some
loss of help, particularly skilled workers,
diminished the output of other suppliers.

OVERTAXED TRANSPORTATION FACILITIE



Troops and war supplies must have the
light and a clear track. Goods destined for ci
consumption must fare as best they can
facilities—rail, airline, truck, express, parce
—are over-taxed . . transportation pla
most important part in distributing an even
of merchandise to our nationwide market.

★ ★ ★ ★ ★ ★ WARTIM

There is scarcely an American civilian who has not felt the impact of
conditions on his personal and business life. Home front problems dem
diligence, agility, and patience, as we look forward to the day of vict
and renewed progress along the normal road of peace.

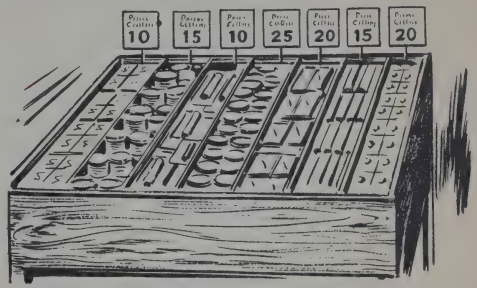
No two lines of business have been influenced identically by the war. Re
ing has perhaps been as severely burdened as any field of activity—
certainly more than most. Six major burdens upon our profitable opera

MERCHANDISE

shopper knows that innumerable items of
andise are temporarily missing from all
of retail stores and that substitute materials
ems are in common use. Particularly difficult
has been the elimination by government
of some of the small sized packages which
acetime sell in steady volume. Moreover,
ers cannot create new products where new
or new machinery is required.

PRICE CEILINGS

ceilings apply to more than 35,000 different
on our counters—complicating buying and
g, eliminating certain items, and requiring
onal help to post and check official prices.
while, rationing is limiting the menus and
ing available amounts in our restaurants
as it has affected all of us as individuals.



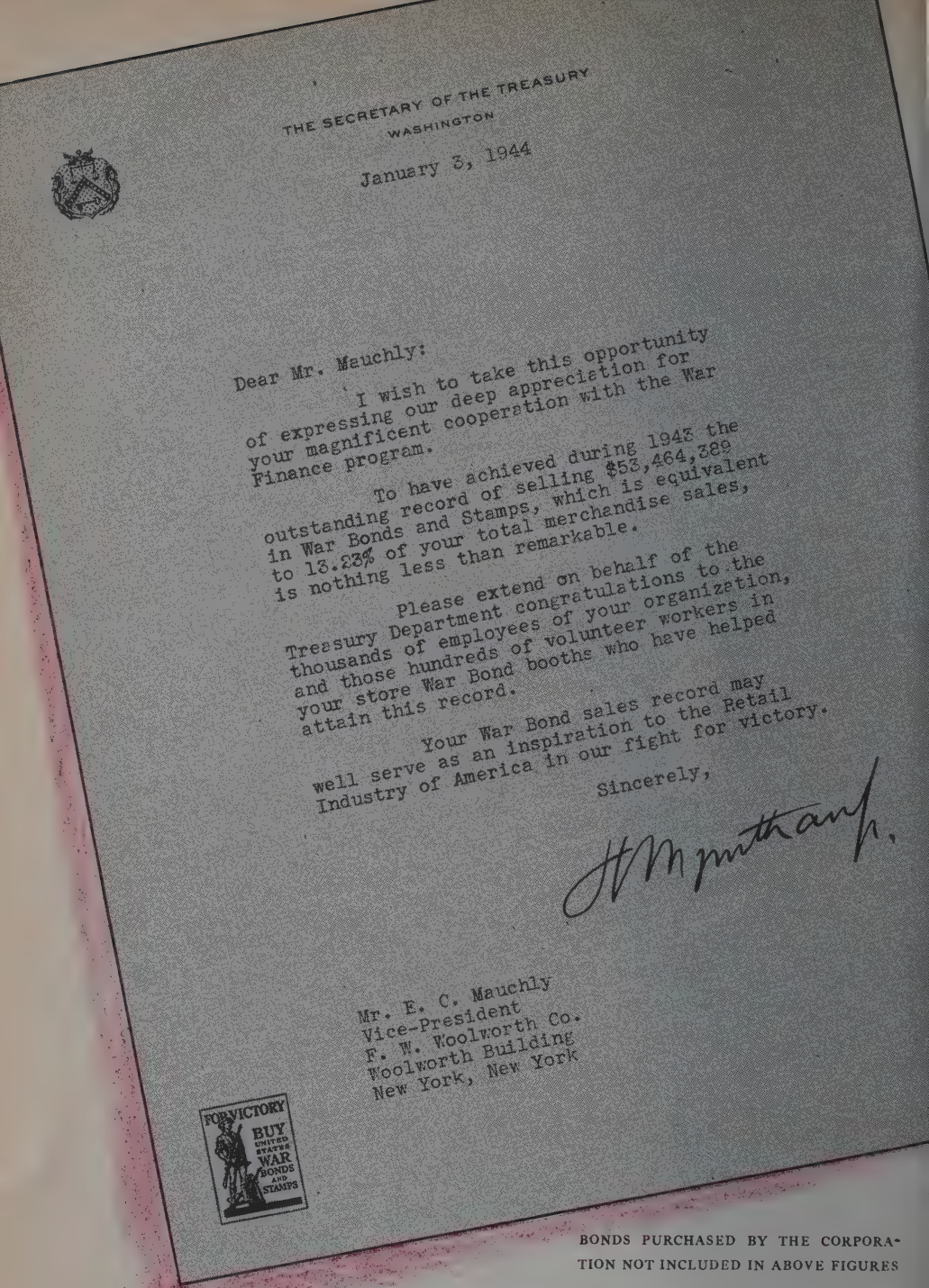
GOVERNMENT REGULATIONS

than 1,000 government orders have been
d which directly affect our operations. Simply
ake sure that all employees, from buying
s to store counters, know all the regulations
ting their daily operations has required a
additional corps of workers. Government
ations in these times are necessary and it
r desire, even though difficult, not only to
ur part, but to do it well.

ETAILING ★ ★ ★ ★ ★ ★

visualized above. These problems which encompass innumerable de-
s of operation have to a great extent been overcome through the whole-
rted and loyal cooperation of the thousands of Woolworth employees in
many and varied branches of our business.

s plain that our business is not benefited—even superficially—by war.
t we know that over the longer term the years of peace have far out-
nbered the years of war in American history. There is no doubt that
y will continue to do so in the future.



THE SECRETARY OF THE TREASURY
WASHINGTON

January 3, 1944

Dear Mr. Mauchly:

I wish to take this opportunity of expressing our deep appreciation for your magnificent cooperation with the War Finance program.

To have achieved during 1943 the outstanding record of selling $53,464,389 in War Bonds and Stamps, which is equivalent to 13.23% of your total merchandise sales, is nothing less than remarkable.

Please extend on behalf of the Treasury Department congratulations to the thousands of employees of your organization, and those hundreds of volunteer workers in your store War Bond booths who have helped attain this record.

Your War Bond sales record may well serve as an inspiration to the Retail Industry of America in our fight for victory.

Sincerely,

H Morgenthau Jr.

Mr. E. C. Mauchly
Vice-President
F. W. Woolworth Co.
Woolworth Building
New York, New York

FOR VICTORY
BUY UNITED STATES WAR BONDS AND STAMPS

BONDS PURCHASED BY THE CORPORATION NOT INCLUDED IN ABOVE FIGURES

War bonds and stamps continued to be our "best sellers" during 1943. Every Woolworth employee has enlisted for the duration in our War Bond and Stamp selling army. Our thousands of employees are proud of the recognition given them by the Secretary of the Treasury of the United States.

PURE
ORANGE JUICE
10¢
BUY U.S.

378.7
W88
1944

F. W. WOOLWORTH CO.

Annual Report for the Year Ended December 31, 1944

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F. W. WOOLWORTH CO.

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C. S. WOOLWORTH
Honorary Chairman, Board of Directors

C. W. DEYO
President & Chairman, Board of Directors

F. R. COLE
Vice-President

A. L. CORNWELL
Executive Vice-President & Treasurer

PAUL HOFER, Jr.
Secretary & Ass't Treasurer

E. C. MAUCHLY
Vice-President

J. T. LEFTWICH
Ass't Secretary & Ass't Treasurer

G. F. TERPENNING
Vice-President

C. H. LOVELL
Ass't Secretary

Directors

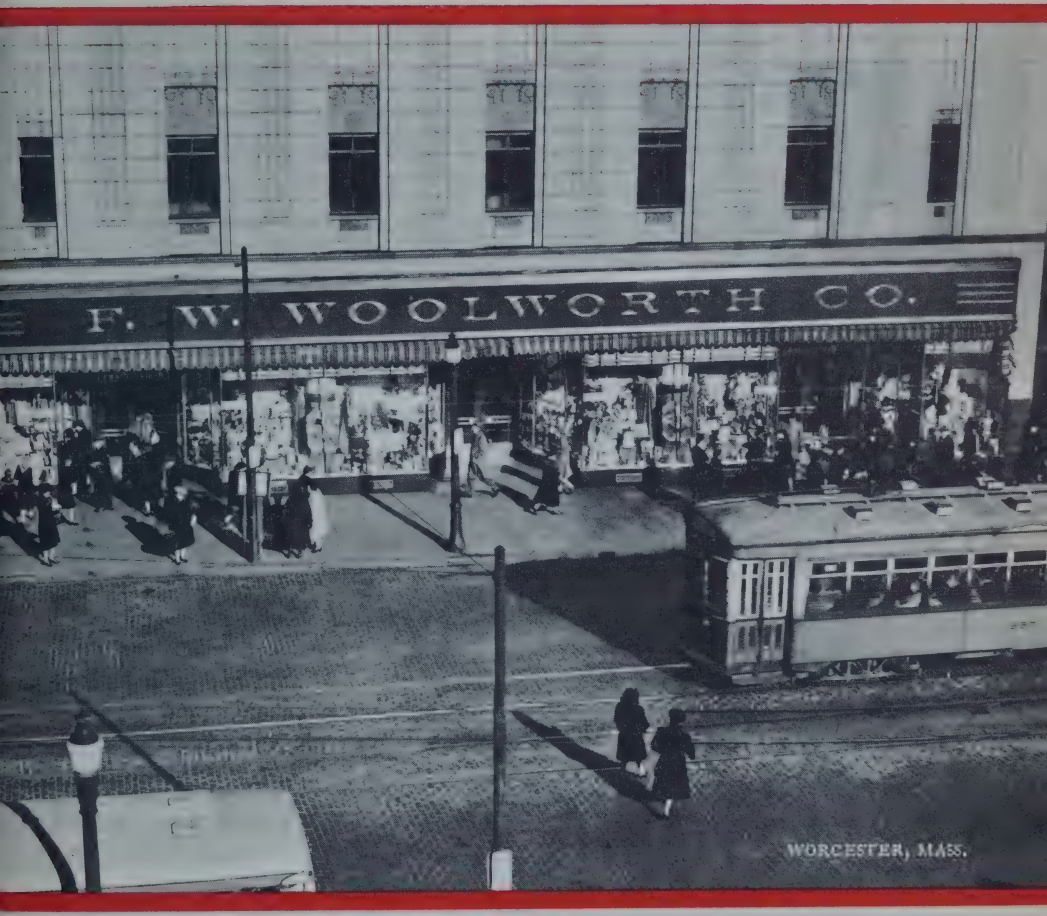
C. S. WOOLWORTH . . . . . *Officer*
C. W. DEYO . . . . . *Officer*
A. L. CORNWELL . . . . . *Officer*
E. C. MAUCHLY . . . . . *Officer*
G. F. TERPENNING . . . . . *Officer*
F. R. COLE . . . . . *Officer*
PAUL HOFER, Jr. . . . . *Officer*
W. L. STEPHENSON . . . . . *Chairman, F. W. W. & Co., Ltd., England*
B. D. MILLER . . . . . *Member, Executive Committee*
F. J. WECKESSER . . . . . *Member, Executive Committee*
E. H. LOTZ . . . . . *Manager, Boston District*
C. S. CHAMBERLAIN . . . . . *Manager, Manhattan District*
S. H. HUBER . . . . . *Manager, Philadelphia District*
H. E. O'NEIL . . . . . *Manager, St. Louis District*
I. W. KEFFER . . . . . *Manager, Canadian District*
L. H. GAUSE . . . . . *Manager, Cleveland District*
C. O. GILBERT . . . . . *Manager, Albany District*
JESSIE WOOLWORTH DONAHUE . . . . . *New York, N. Y.*
ALLAN P. KIRBY . . . . . *President of Allegheny Corporation*
SEYMOUR H. KNOX . *Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
PHILIP LEHMAN . . . . . *Banker, Member of Firm Lehman Bros.*
FREMONT C. PECK . . . . . *(Temporarily) Officer in United States Army*
MARTIN A. SCHENCK *Attorney, Member of Firm Davies, Auerbach, Cornell & Hardy*
HARRY E. WARD . . . . . *Chairman of Board, Irving Trust Company, N. Y.*

•

Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDING DECEMBER 31, 1944



WORCESTER, MASS.

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

F. W. WOOLWORTH CO.

WOOLWORTH BUILDING
NEW YORK 7, N. Y.

OFFICE OF THE PRESIDENT

To Our Stockholders:

On behalf of the Board of Directors, I am presenting herewith the Annual Report of F. W. Woolworth Co., covering a review of the results from operations for the year 1944. In this report we have endeavored to give the essential details of the business, which we feel will be of interest to you.

Sales for the year 1944 again reached a new record, amounting to $459,847,395.75, an increase of $20,838,392.66 over the sales of the preceding year. This improvement in sales is especially significant in view of the many unusual difficulties encountered in conducting a merchandising business in wartime.

Profits before deducting reserve for government taxes also reached an all-time record of $49,219,113.39, as compared with $43,151,965.23 for the year 1943. However, government taxes increased from $21,200,000.00 to the record amount of $26,400,000.00, and after deducting these taxes the net income for the year amounted to $22,819,113.39, or $2.35 per share as compared with $2.26 per share for the year 1943.

It is with sincere regret that we refer to the retirement of Mr. Charles Sumner Woolworth as Chairman of the Board of Directors. However, we are pleased to state that he is continuing as a Director, and has been appointed Honorary Chairman of the Board. Mr. Woolworth has been associated with this business for over 65 years, having organized a chain of stores which was consolidated with others to form this Company in 1912. His

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W88
1944

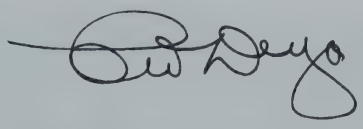
long, devoted service in the development of this Company is highly appreciated.

We wish to pay special tribute to the 5517 Woolworth employees for the sacrifice which they are making in the military service of our country, and also express appreciation for the splendid spirit of cooperation and loyalty shown by our employees on the home front.

The Management fully realizes its responsibility to protect the investment of the stockholders, and will do so to the fullest extent that it is possible during this very trying war period, when there are so many difficulties to be surmounted. We have formulated plans for expansion during the post-war period, which we feel confident will result in growth and a greater earning power for the Company.

In the event that you have any comments or suggestions to make concerning the affairs of the Company, after reading the Annual Report on the following pages, we hope that you will feel free to contact this office regarding such matters.

Very truly yours,



PRESIDENT AND
CHAIRMAN OF THE BOARD.

January 27, 1945.

The next annual meeting of the stockholders will be held on Wednesday, May 16, 1945. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 21, 1945, at which time proxies will be requested by the Management.

CONSOLIDATED ANNUAL REPORT
for the year 1944

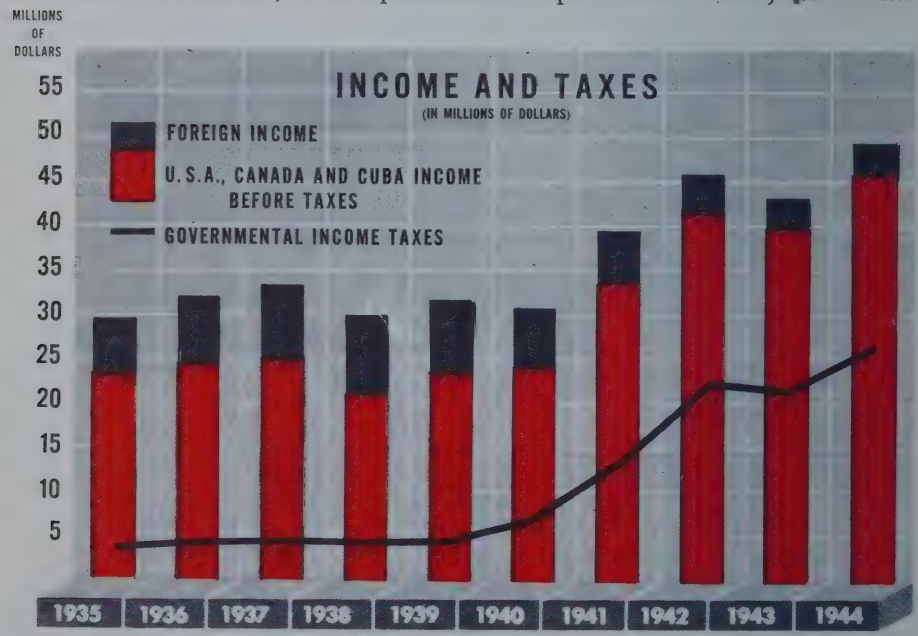
F. W. Woolworth Co., a New York corporation, operated 1851 stores in the United States, 8 in Cuba, and 145 through the F. W. Woolworth Co., Limited, a Canadian subsidiary in the Dominion of Canada, making a total of 2004 stores.

SALES

Sales for the year in stores in U. S. A., Canada and Cuba amounted to $459,847,395.75, as compared with $439,009,003.09 for the year 1943, or an increase of $20,838,392.66. A comparative record of sales for past years, showing the growth of the business, appears on Page 12.

NET INCOME

Net income for the year amounted to $22,819,113.39 after deducting $34,583,904.23 for depreciation, amortization and reserve for Federal income, excess profits and capital stock taxes, also Cana-



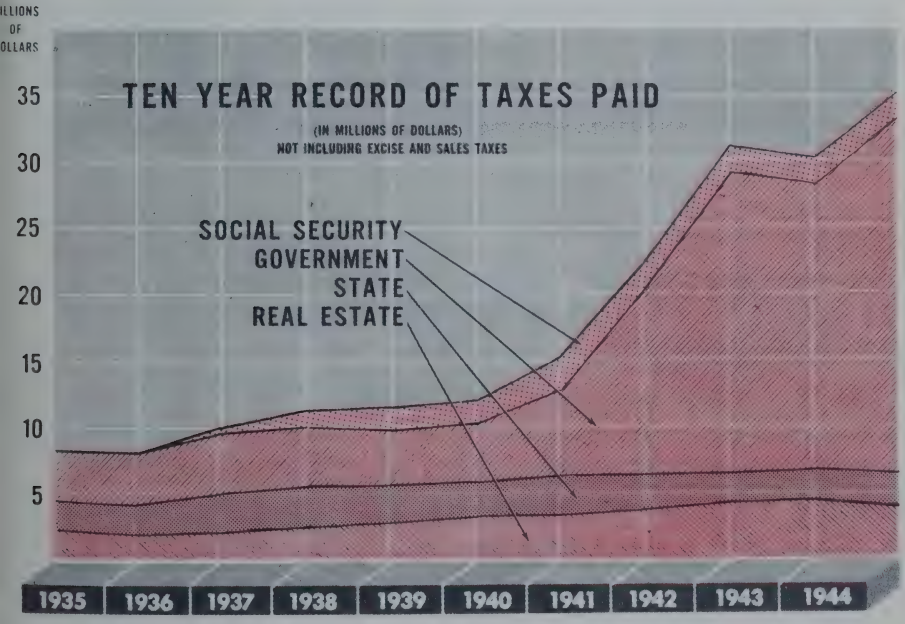
dian and Cuban taxes. These earnings are equivalent to $2.35 per share, as compared with a net income of $21,951,965.23, or $2.26 per share for the year 1943. The accompanying graph shows a ten year comparison of income received from foreign sources and from operations in U. S. A., Canada and Cuba before provision for governmental taxes, and also shows the amount of income taken for such taxes. A detailed statement of consolidated income will be found on Page 7.

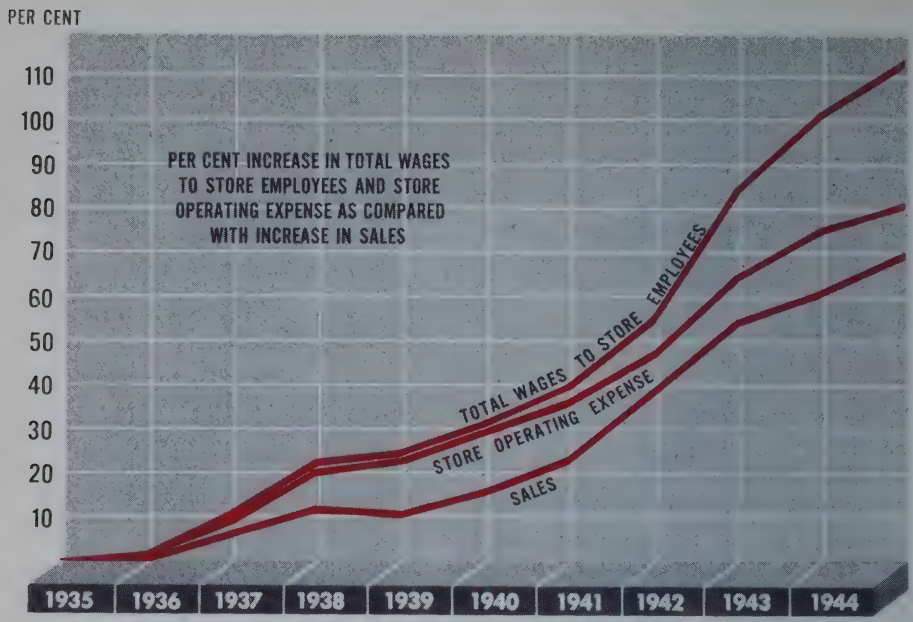
DIVIDENDS

Cash dividends amounting to $15,525,772.00, consisting of four quarterly payments of 40c each, or $1.60 per share for the year, were distributed to stockholders, of whom there were 74,255 at the close of the year, as compared with 73,538 a year ago.

TAXES

Total taxes of every nature during the year amounted to $35,466,738.22, or equivalent to $3.65 per share. The graph below shows a breakdown of this amount into the principal kinds of taxes, and a comparison for the past ten years.





EXPENSES

The principal item of store operating expense was wages to employees, which has shown a constant increase, as indicated in the graph above. However, through other operating economies, total expense in relation to a unit of sales was less than for the previous year.

FINANCIAL POSITION

The working capital of the Company as represented by net current assets increased to $89,686,037.40, as compared with $77,358,171.50 for the previous year. This includes cash of $55,195,426.45 and an investment of $28,924,864.93 in government securities. The accumulation of cash is attributable principally to the fact that there has been no outlay on the expansion program during the war period, and the Company is therefore in a splendid financial position to proceed with the program as soon as conditions will permit.

Continued on Page 11

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1944 and 1943

	1944	1943
Sales—United States, Canada and Cuba	$459,847,395.75	$439,009,003.09
Less: Cost of Sales and Expenses (Cost of sales computed on first in—first out basis)	406,068,253.34	391,082,029.74
Net Profit from Operations	$ 53,779,142.41	$ 47,926,973.35
Add—Other Income		
Income from Real Estate	$ 935,331.75	$ 816,701.14
Dividends—F. W. Woolworth & Co., Ltd., England	3,181,774.39	3,181,774.89
Interest and Miscellaneous	331,002.82	237,074.69
Total	$ 4,448,108.96	$ 4,235,550.72
Balance	$ 58,227,251.37	$ 52,162,524.07
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,101,222.87	$ 3,143,308.63
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	5,082,681.36	5,031,413.02
Interest	451,089.86	490,128.87
Foreign Exchange Loss	263,671.23	239,169.06
Loss on Sale of Real Estate	109,472.66	106,539.26
Total	$ 9,008,137.98	$ 9,010,558.84
Net Income before U.S.A. and Canadian Taxes	$ 49,219,113.39	$ 43,151,965.23
Deduct		
Provision for Excess Profits Taxes	$ 16,050,000.00	$ 10,722,000.00
Less: Post-War Credit	1,850,000.00	1,222,000.00
Net Excess Profits Taxes	$ 14,200,000.00	$ 9,500,000.00
Provision for Income and Capital Stock Taxes	12,200,000.00	11,700,000.00
Total	$ 26,400,000.00	$ 21,200,000.00
Net Income—transferred to Surplus	$ 22,819,113.39	$ 21,951,965.23

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars at the official rate of 90.09 cents, as follows: 1944—$1,530,067.46; 1943—$1,367,474.22.

Comparative Consolidated Bala

ASSETS

Current Assets	*1944*	*1943*
Cash	$ 55,195,426.45	$ 35,491,480.92
Government Bonds and Tax Savings Notes	28,924,864.93	20,256,864.93
Receivables	1,169,381.71	1,079,267.51
Merchandise Inventories—Valued at cost	47,984,823.26	57,241,887.27
Merchandise in Transit—at cost	1,766,809.02	2,701,266.03
Total Current Assets	$135,041,305.37	$116,770,766.66
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England (conversion rate: 1944 and 1943 — $4.025)	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	1,080,501.31	1,088,172.66
Other Securities—Cost, less reserve	98,045.80	102,547.08
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 32,058,178.25	$ 32,070,350.88
Fixed Assets—at cost		
Real Estate and Buildings	$ 34,357,708.18	$ 32,397,498.49
Less: Reserve for Depreciation of Buildings	5,542,511.54	5,208,927.13
	$ 28,815,196.64	$ 27,188,571.36
Furniture and Fixtures	$ 54,805,888.93	$ 56,058,258.42
Less: Reserve for Depreciation	16,798,718.05	15,447,141.20
	$ 38,007,170.88	$ 40,611,117.22
Equipment, less amortization	$ 1,060,657.10	$ 913,389.35
Total Fixed Assets	$ 67,883,024.62	$ 68,713,077.93
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 15,525,662.05	$ 16,290,419.68
Alterations to Leased and Owned Buildings and Store Organization Expenses	35,097,445.98	38,578,207.31
	$ 50,623,108.03	$ 54,868,626.99
Less: Amortization for year	5,082,681.36	5,031,413.02
Balance	$ 45,540,426.67	$ 49,837,213.97
Other Assets		
Store and Office Supplies—Valued at cost	$ 1,819,580.16	$ 2,028,057.95
Prepaid Expenses	1,045,936.33	1,470,316.31
Post-War Credit on U. S. A. and Canadian Excess Profits Taxes	3,164,668.55	1,353,211.49
Total Other Assets	$ 6,030,185.04	$ 4,851,585.75
GOODWILL	$ 1.00	$ 1.00
	$286,553,120.95	$272,242,996.19

The statement includes net current assets of the Canadian subsidiary as follows: 1944—$8,275,869.03; 1943—$7,507,990.39 and other net assets of that subsidiary as follows: 1944—$9,371,087.01; 1943—$8,681,896.18.

LIABILITIES AND CAPITAL

Current Liabilities	*1944*	*1943*
Accounts Payable and Accruals	$ 13,470,203.18	$ 12,829,733.36
Accounts Payable—Merchandise in Transit	1,766,809.02	2,701,266.03
Mortgage Payments	43,537.81	41,325.64
Accrued Interest on Debentures	194,791.63	194,791.63
Reserve for U. S. A. and Canadian Taxes	29,879,926.33	23,645,478.50
Total Current Liabilities	$ 45,355,267.97	$ 39,412,595.16
Long-Term Debt		
Fifteen Year 2½% Sinking Fund Debentures, due July 15, 1955	$ 17,000,000.00	$ 17,000,000.00
Purchase Money Mortgages	4,944,594.04	3,870,463.98
Total Long-Term Debt	$ 21,944,594.04	$ 20,870,463.98
Reserves		
For Foreign Exchange Losses	$ 30,801.18	$ 30,801.18
For Employees' Sick Benefits	100,000.00	100,000.00
Total Reserves	$ 130,801.18	$ 130,801.18
Capital Stock—Par value $10 per share		
Authorized	20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued	10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,392.5 shares are held by the Company)	9,750,000 Shs.	$ 97,500,000.00	$ 97,500,000.00
Earned Surplus		
Balance, January 1st	$115,976,125.07	$109,869,532.00
Add: Net Income for year	22,819,113.39	21,951,965.23
	$138,795,238.46	$131,821,497.23
Deduct:		
Dividends declared and paid (1944 and 1943, $1.60 a share)	$ 15,525,772.00	$ 15,525,772.80
Additional taxes for prior years	—	319,599.36
Book value of 46,392.5 shares of Treasury Stock, less $901,633.79 previously charged to Surplus	$ 1,647,008.70	1,646,989.20
Total Deductions	$ 17,172,780.70	$ 17,492,361.36
Balance, December 31st	$121,622,457.76	$114,329,135.87
	$286,553,120.95	$272,242,996.19

Earned Surplus includes undistributed surplus of foreign subsidiaries as follows: 1944—$39,512,320.30; 1943—$37,982,252.84.

AUDITORS' CERTIFICATE

R. G. RANKIN & CO.,
30 BROAD STREET,
NEW YORK 4, N. Y.

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1944 and the related Statement of Consolidated Income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We accepted, after review, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the Consolidated Balance Sheet upon the following basis: net current assets converted into U. S. dollars at the official rate of exchange on December 31, 1944 and the other net assets at the prevailing rate of exchange when acquired.

In our opinion, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1944, and the results of operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 27, 1945

MERCHANDISE INVENTORY

The stock of merchandise inventoried at the end of the year was valued at $47,984,823.26, a decrease of $9,257,064.01 under a year ago. The merchandise inventoried is of good quality, and we do not anticipate any material inventory losses during the transition period to normal conditions. It is the policy of the Company at this time to keep stocks as low as possible, consistent with anticipated business, so that the Company will be in a position to take advantage of better values and improved items of merchandise as soon as they become available.

F. W. WOOLWORTH CO., LIMITED, ENGLAND

The British Company, in which this Company owns a majority stock interest, reported net income of £5,869,645 for the year 1944 before provision for taxes. This compared with £5,203,654 for the preceding year. Reserve for taxes was £3,509,803. This showing is especially significant in view of the very difficult circumstances under which that Company operated. A dividend of 1 shilling-9 pence has been declared on the ordinary (common) shares, payable in March, 1945. This makes a total dividend disbursement of 2 shillings-3 pence per share out of 1944 earnings as compared with 2 shillings per share for the preceding year. Final surplus carried forward by that Company after deducting the March dividend increased to £7,395,183 as compared with £7,232,840 a year ago. The investment of this Company in the British Company is carried on the balance sheet at book value of $30,879,630.14, however, the market value based on the stock quotation on the London Stock Exchange as of December 31st converted into U. S. Dollars was $216,359,850.00.

AUDITORS' CERTIFICATE

The records for the year were audited by R. G. Rankin & Co., Independent Auditors, and the auditors' certificate, directed to the stockholders, appears on Page 10. It is the intention to continue the services of this firm to audit the records for the year 1945.

COMPARATIVE RECORD

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

NUMBER OF STORES

During the year, 4 stores were closed, reducing the total number of stores in operation in U. S. A., Canada and Cuba to 2004. In most instances this action was taken as leases expired, for the reason that the stores were either inadequate in size or not advantageously located.

HONOR ROLL

Fifty-five hundred and seventeen employees of your Company are now in the active services of our country; of these 5136 are men and 381 are women.

The number of men in the services represents approximately 50 per cent of all male employees prior to the war.

Management has kept contact with these patriotic employees wherever possible and has definite arrangements whereby they may again take up their duties when they come home.

Of the above number 85 have lost their lives, 26 have been reported missing in action, and 13 are prisoners of war. We are confident that stockholders will join the Management in humbly honoring not only those who have made the supreme sacrifice but all others who are serving with equal valor.

PERSONNEL

Once again we welcome the opportunity to pay tribute to the loyal and capable employees who have assumed increased responsibilities brought about by the loss of the help of their fellow workers who left the employ of the Company either to enter active military service or to take employment in essential war work.

The Management is highly appreciative of the cooperation and achievement of all of these employees, and especially to the 361 capable women who by experience and training have made themselves available to assume the management of stores, thus efficiently filling the positions of men who entered the services of their country.

DINNERWARE — This historical pattern is one of several dinnerware sets especially designed for Woolworth stores. Pieces may be purchased separately or in complete sets.

LADIES' APPAREL AND ACCESSORIES— A wide selection of women's wear, well styled, properly sized, in fashionable colors, as well as up-to-the-minute novelty jewelry and handbags offer the shopper appealing variety at low prices.

MAINTENANCE ITEMS —The home handyman is now called upon to make more and better repairs than ever before, in the house, on the car, on the children's toys. Woolworth has scores of items that he needs.

MERCHANDISING CONDITIONS

Materials for the manufacture of many civilian necessities have been allocated by the government for use in the making of war materials. Many hundreds of suppliers have diverted their entire operation to the making of war products. This alone creates a shortage of civilian goods. Nevertheless, due to the co-operation of its many suppliers and the excellent development work of its buyers, Woolworth is able to present to the trading public a wide range of practical merchandise, as illustrated to a very small extent in the photographs on Pages 14 and 15.

Your Company is adhering to the very best of its ability to the many hundreds of government regulations and to the price ceilings as regulated under O.P.A.

The time when critical materials will be generally released for the manufacturing of goods for civilian use is very uncertain. However, our buyers are on the alert to obtain any merchandise surpluses released by the government as finished products, and are keeping abreast of developments in order to be prepared for the time when raw materials are released to manufacturers for conversion.

KITCHENWARE—Housewives can choose cooking, baking, and other kitchen utensils from a selection of modern Pyrex, Glassbake, and enamelware pots, pans, etc.

Your Company is in a position to take on new items and new lines and to replenish stocks with the old staples which are not now available. Of necessity our Armed Forces must be serviced and the war must be won before we can hope for a marked improvement in merchandising as a whole.

POST WAR PLANS

During the years 1936 to 1942 inclusive, the Woolworth Co. had a well developed program of store improvement under way. Some fine accomplishments had been attained in the way of new, improved, and enlarged stores. However, the program had not by any means been completed when war was declared and when, under government regulations, all such building activity had to cease. Under the circumstances, during this war period we have been directing our efforts toward doing everything to enable us to proceed according to the plan in keeping with current conditions as soon as restrictions are lifted.

WAR STAMP AND BOND SALES

Soon after the beginning of the war the Treasury Department made a request of all retailers to co-operate with it in selling War Stamps and Bonds. Your Management recognized in this request an opportunity for those employees who could not enter active military service to perform a continuous service to the war effort, not only in buying Stamps and Bonds for themselves, but also in selling Stamps and Bonds to the public.

This opportunity was presented to the store personnel through the store managers and was quickly and generously embraced by them. The results have been most gratifying.

1942	Sales of War Stamps and Bonds	$23,590,604
1943	" " " " " "	53,464,389
1944	" " " " " "	60,949,421

These figures do not include the Bonds purchased by the Company.

Full credit for these fine results is given to the thousands of patriotic store and office employees of your Company.

Shown above is a section of one of the food units in the Worcester, Mass., store. This layout and equipment is typical of the food units in stores located in many parts of the United States, Canada and Cuba. Good food, reasonable prices and quick service are basic principles of our food unit operation. THE KITCHEN to the left below in a Detroit store is as efficient and as clean as modern science can make it. This, too, is typical of similar units in other stores. THE BAKERY goods department of the Worcester, Mass., store shown to the right below sells cakes, pies, pastries and rolls which are made fresh every day in Woolworth's own kitchens. Customers have come to rely on the quality and freshness of Woolworth bakery products.

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F. W. WOOLWORTH CO.

Annual Report

FOR THE YEAR ENDED
DECEMBER 31, 1945

F. W. WOOLWORTH CO.

Officers

C. S. WOOLWORTH
Honorary Chairman, Board of Directors

C. W. DEYO
President & Chairman, Board of Directors

A. L. CORNWELL
Executive Vice-President & Treasurer

F. R. COLE
Vice-President

I. W. KEFFER
Vice-President

PAUL HOFER, Jr.
Secretary & Ass't Treasurer

E. C. MAUCHLY
Vice-President

J. T. LEFTWICH
Ass't Secretary & Ass't Treasurer

G. F. TERPENNING
Vice-President

C. H. LOVELL
Ass't Secretary

Directors

C. S. WOOLWORTH	*Officer*
C. W. DEYO	*Officer*
A. L. CORNWELL	*Officer*
I. W. KEFFER	*Officer*
E. C. MAUCHLY	*Officer*
G. F. TERPENNING	*Officer*
F. R. COLE	*Officer*
PAUL HOFER, Jr.	*Officer*
C. C. PECK	*Sales Promotion*
W. L. STEPHENSON	*Chairman, F. W. W. & Co., Ltd., England*
B. D. MILLER	*Member, Executive Committee*
F. J. WECKESSER	*Member, Executive Committee*
E. H. LOTZ	*Manager, Boston District*
S. H. HUBER	*Manager, Philadelphia District*
H. E. O'NEIL	*Manager, St. Louis District*
L. H. GAUSE	*Manager, Cleveland District*
C. O. GILBERT	*Manager, Albany District*
H. J. COOK	*Manager, Canadian District*
ALLAN P. KIRBY	*President of Allegheny Corporation*
SEYMOUR H. KNOX	*Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
PHILIP LEHMAN	*Banker, Member of Firm Lehman Bros.*
FREMONT C. PECK	*New York, N. Y.*
MARTIN A. SCHENCK	*Attorney, Member of Firm Davies, Auerbach, Cornell & Hardy*
HARRY E. WARD	*Chairman of Board, Irving Trust Company, N. Y.*

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Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1945

SPRINGFIELD, OHIO

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

UNIVERSITY OF ILLINOIS

F. W. WOOLWORTH CO.

WOOLWORTH BUILDING
NEW YORK 7, N. Y.

OFFICE OF THE PRESIDENT

To Our Stockholders:

THE ANNUAL REPORT OF YOUR COMPANY for the year 1945 is presented herewith on behalf of the Board of Directors. We have continued the idea of illustrating the report with graphs and photographs, which we hope will make it more interesting to you.

The past year was the most difficult year of the war period, especially from a merchandising viewpoint, because of the shortage of goods available for civilian use. However, despite this condition our buyers were able to keep the stores reasonably well stocked, and as a result sales for the year were $477,136,447.55, an increase of $17,289,051.80 over the year 1944. This volume of business was again greater than the sales of any previous year in the history of the Company.

It is gratifying also to report that net earnings reached a new high record of $53,487,269.13 before deducting provision for government taxes. This compares with $49,219,113.39 for the preceding year. After deducting a reserve of $29,900,000.00 for government taxes, there remained a net income of $23,587,269.13, which was equivalent to $2.43 per share, as compared to $2.35 per share for the year 1944.

Our Honor Roll shows that 5948 of our male and female employees served our country faithfully in order to preserve our American way of life. We deeply regret that 161 of this number made the supreme sacrifice or are reported missing. Respectfully

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1945

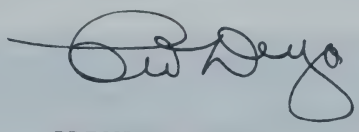
we bow in solemn memory of those fine men. We are fully conscious of our obligation to our employees returning from service and we are happy to make available to them worthwhile opportunities for their future advancement in our Company.

We take this opportunity to express appreciation for the spendid cooperation and loyalty of our employees on the homefront, many of whom assumed increased responsibilities during the war period.

As we enter the postwar period, we look forward with optimism to the prospect of again obtaining many items of merchandise which were either unobtainable or could be had in only limited quantities during the war period. The return of normal merchandising conditions and the resumption of our expansion program, which has been planned in detail, should reflect in the growth of the Company.

After you have read the Annual Report on the following pages, we would appreciate hearing from you regarding any comments or suggestions which you may feel disposed to make.

Very truly yours,



PRESIDENT AND
CHAIRMAN OF THE BOARD.

January 28, 1946.

The next annual meeting of the stockholders will be held on Wednesday, May 15, 1946. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 20, 1946, at which time proxies will be requested by the Management.

CONSOLIDATED ANNUAL REPORT
for the year 1945

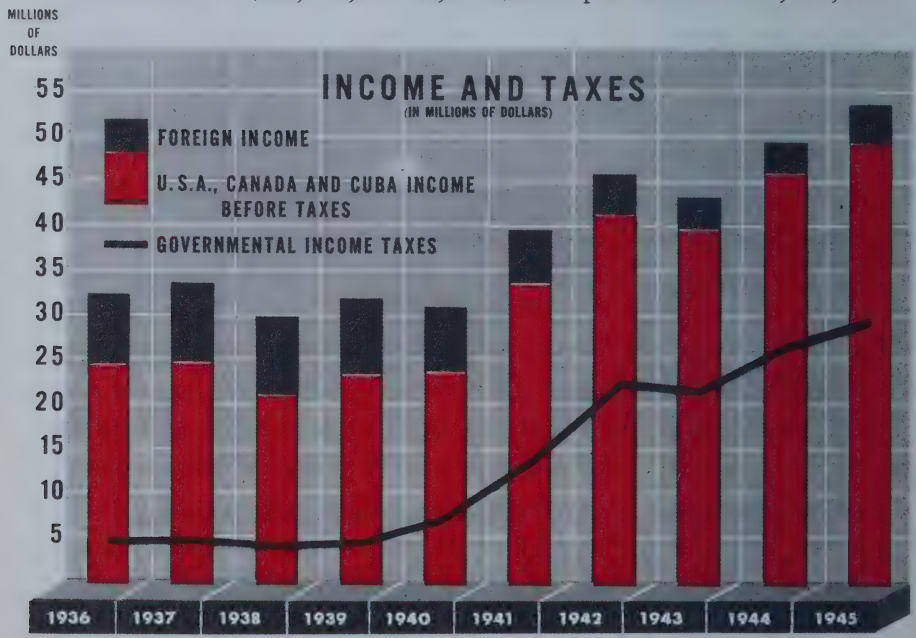
F. W. Woolworth Co., a New York corporation, operated 1818 stores in the United States of America, 8 in Cuba and also 145 stores in the Dominion of Canada through F. W. Woolworth Co., Limited, a Canadian subsidiary, making a grand total of 1971 stores in operation as at the end of the year.

SALES

Sales for the year amounted to $477,136,447.55 as compared with $459,847,395.75 for the year 1944, or an increase of $17,289,-051.80. There will be found on page 12 a comparative record of sales for past years, also a percentage graph on page 6.

NET INCOME

Net income for the year, after deducting $7,603,195.11 for depreciation and amortization, and providing for a reserve of $29,900,000.00 for Federal and Canadian government taxes, amounted to $23,587,269.13, or $2.43 per share on 9,703,607.5



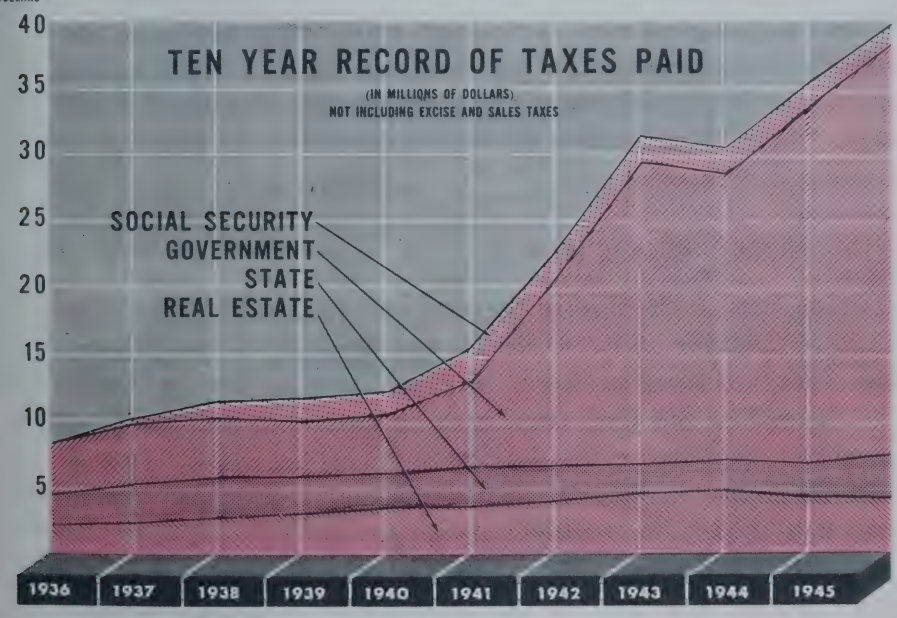
shares issued and outstanding. This compares with net income of $22,819,113.39, or $2.35 per share for the year 1944. The graph on page 4 shows comparative income from domestic and foreign sources for the past ten years, and the amount taken for government taxes. On page 7 there will be found a detailed statement of consolidated income.

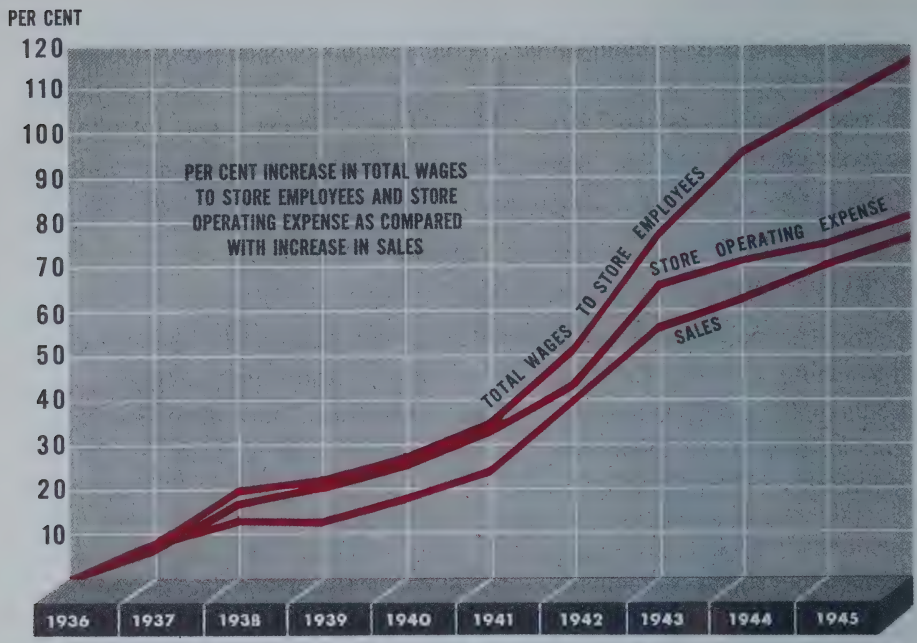
DIVIDENDS

There was paid to stockholders during the year cash dividends amounting to $15,525,772.00, consisting of four quarterly dividends of 40c each, or a total of $1.60 per share. There were 74,546 stockholders as of December 31, 1945, as compared with 74,255 at the close of the previous year.

TAXES

A reserve of $29,900,000.00 was set up for Federal income and excess profits taxes, also Canadian and Cuban taxes. In addition, various other taxes, amounting in the aggregate to $9,735,751.94, were paid during the year, making a total of $39,635,751.94 for taxes of all kinds, which was equivalent to $4.08 per share as compared with $3.65 per share in 1944.





EXPENSES

Store operating expenses were kept well in control during the year, although there was a substantial increase in wages to employees, which is the principal item of expense. The graph above shows the relative increase in wages and total store expenses as compared with sales.

FINANCIAL POSITION

Cash on hand at the close of the year amounted to $53,694,077.41 and, in addition, $45,090,563.13 was invested in government securities, including tax notes, making a total of $98,784,640.54. At the end of the year 1944, cash on hand and investment in securities amounted to $84,120,291.38. The strong cash position will enable the Company to finance constantly expanding lines of merchandise and to continue our program of improvement and enlargement of stores.

Continued on Page 11

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1945 and 1944

	1945	*1944*
Sales—United States, Canada and Cuba	$477,136,447.55	$459,847,395.75
Less: Cost of Sales and Expenses (Cost of sales computed on first in—first out basis)	420,676,265.10	406,068,253.34
Net Profit from Operations	$ 56,460,182.45	$ 53,779,142.41
Add—Other Income		
Income from Real Estate	$ 1,244,959.56	$ 935,331.75
Dividends—F. W. Woolworth & Co., Ltd., England	3,579,494.09	3,181,774.39
Interest and Miscellaneous	460,553.60	331,002.82
Total	$ 5,285,007.25	$ 4,448,108.96
Balance	$ 61,745,189.70	$ 58,227,251.37
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,066,418.94	$ 3,101,222.87
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,536,776.17	5,082,681.36
Interest	442,903.28	451,089.86
Foreign Exchange Loss	211,822.18	263,671.23
Loss on Sale of Real Estate	—	109,472.66
Total	$ 8,257,920.57	$ 9,008,137.98
Net Income before U.S.A. and Canadian Taxes	$ 53,487,269.13	$ 49,219,113.39
Deduct		
Provision for Excess Profits Taxes	$ 18,940,000.00	$ 16,050,000.00
Less: Post-War Credit	540,000.00	1,850,000.00
Net Excess Profits Taxes	$ 18,400,000.00	$ 14,200,000.00
Provision for Income and Capital Stock Taxes	11,500,000.00	12,200,000.00
Total	$ 29,900,000.00	$ 26,400,000.00
Net Income—transferred to Surplus	$ 23,587,269.13	$ 22,819,113.39

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars at the official rate of 90.50 cents for 1945 and 90.09 cents for 1944 as follows: 1945, $1,650,648.60; 1944, $1,530,067.46.

ASSETS

Current Assets	*1945*	*1944*
Cash	$ 53,694,077.41	$ 55,195,426.45
Government Bonds and Tax Savings Notes	45,090,563.13	28,924,864.93
Receivables	2,654,083.66	1,169,381.71
Merchandise Inventories—Valued at cost	49,417,219.76	47,984,823.26
Merchandise in Transit—at cost	2,044,165.42	1,766,809.02
Total Current Assets	$152,900,109.38	$135,041,305.37
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England (conversion rate: 1945 and 1944 — $4.025)	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	1,071,499.83	1,080,501.31
Other Securities—Cost, less reserve	93,092.80	98,045.80
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 32,044,223.77	$ 32,058,178.25
Fixed Assets—at cost		
Real Estate and Buildings	$ 35,638,171.12	$ 34,357,708.18
Less: Reserve for Depreciation of Buildings	5,922,252.66	5,542,511.54
	$ 29,715,918.46	$ 28,815,196.64
Furniture and Fixtures	$ 53,559,977.06	$ 54,805,888.93
Less: Reserve for Depreciation	17,959,387.61	16,798,718.05
	$ 35,600,589.45	$ 38,007,170.88
Equipment, less amortization	$ 1,116,069.80	$ 1,060,657.10
Total Fixed Assets	$ 66,432,577.71	$ 67,883,024.62
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 14,569,764.92	$ 15,525,662.05
Alterations to Leased and Owned Buildings and Store Organization Expenses	31,717,761.25	35,097,445.98
	$ 46,287,526.17	$ 50,623,108.03
Less: Amortization for Year	4,536,776.17	5,082,681.36
Balance	$ 41,750,750.00	$ 45,540,426.67
Other Assets		
Store and Office Supplies—Valued at cost	$ 1,825,867.20	$ 1,819,580.16
Prepaid Expenses	448,561.39	1,045,936.33
Post-War Credit on U. S. A. and Canadian Excess Profits Taxes	1,337,990.32	3,164,668.55
Total Other Assets	$ 3,612,418.91	$ 6,030,185.04
Goodwill	1.00	1.00
Total	$296,740,080.77	$286,553,120.95

The statement includes net current assets of the Canadian subsidiary as follows: 1945—$8,906,703.19; 1944—$8,275,869.03 and other net assets of that subsidiary as follows: 1945—$10,402,226.04; 1944—$9,371,087.01.

LIABILITIES AND CAPITAL

Current Liabilities	*1945*	*1944*
Accounts Payable and Accruals	$ 13,331,107.53	$ 13,470,203.18
Accounts Payable—Merchandise in Transit	2,044,165.42	1,766,809.02
Mortgage Payments	35,773.09	43,537.81
Accrued Interest on Debentures	194,791.63	194,791.63
Reserve for U. S. A. and Canadian Taxes	31,820,299.99	29,879,926.33
Total Current Liabilities	$ 47,426,137.66	$ 45,355,267.97
Long-Term Debt		
Fifteen-year 2½% Sinking Fund Debentures, due July 15, 1955	$ 17,000,000.00	$ 17,000,000.00
Purchase Money Mortgages	4,999,187.04	4,944,594.04
Total Long-Term Debt	$ 21,999,187.04	$ 21,944,594.04
Reserves		
For Foreign Exchange Losses	$ 30,801.18	$ 30,801.18
For Employees' Sick Benefits	100,000.00	100,000.00
Total Reserves	$ 130,801.18	$ 130,801.18
Capital Stock—Par value $10 per share		
Authorized	20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued	10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,392.5 shares are held by the Company)	9,750,000 Shs.	$ 97,500,000.00	$ 97,500,000.00
Earned Surplus		
Balance, January 1st	$123,269,466.46	$115,976,125.07
Add: Net Income for year	23,587,269.13	22,819,113.39
	$146,856,735.59	$138,795,238.46
Deduct:		
Dividends declared and paid ($1.60 a share, 1945 and 1944)	$ 15,525,772.00	$ 15,525,772.00
Book value of 46,392.5 shares of Treasury Stock, less $901,633.79 previously charged to Surplus	1,647,008.70	1,647,008.70
Total Deductions	$ 17,172,780.70	$ 17,172,780.70
Balance, December 31st	$129,683,954.89	$121,622,457.76
Total	$296,740,080.77	$286,553,120.95

Earned Surplus includes undistributed surplus of foreign subsidiaries as follows: 1945—$41,130,871.56; 1944—$39,512,320.30.

AUDITORS' CERTIFICATE

R. G. RANKIN & CO.,
30 Broad Street,
New York 4, N. Y.

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1945 and the related Statement of Consolidated Income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We accepted, after review, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the Consolidated Balance Sheet upon the following basis: net current assets converted into U. S. dollars at the official rate of exchange on December 31, 1945 and the other net assets at the prevailing rate of exchange during the year acquired.

In our opinion, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1945, and the results of operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 28, 1946

MERCHANDISE INVENTORY

The investment in merchandise in stores and warehouses at the close of the year was $49,417,219.76 as compared with $47,984,-823.26 at the end of the previous year.

The Company has pursued a cautious policy with respect to merchandise stocks, volume of business considered, and will continue to do so in order that it will at all times be in a position to take advantage of the many new items that undoubtedly will be available.

F. W. WOOLWORTH & CO., LIMITED, ENGLAND

The British Company, in which this Company owns a majority stock interest of 52.7%, reported net income of £7,249,447 for the year 1945 before provision for taxes. This compared with £5,869,645 for the preceding year. Reserve for taxes applicable to 1945 income was £3,154,293; also an additional reserve of £1,000,000 against future taxation. A dividend of 2 shillings–3 pence has been declared on the ordinary (common) shares payable March 1, 1946. This makes a total dividend disbursement of 2 shillings–9 pence per share out of 1945 earnings as compared with 2 shillings–3 pence per share for the preceding year. The final surplus carried forward after deducting the March dividend increased to £7,917,836 as compared with £7,395,183 a year ago. The investment of this Company in the British Company is carried on the Balance Sheet at a book value of $30,879,630.14; however, the market value based on the London Stock Exchange quotation of December 31, 1945, converted at the rate of $4.02½ per pound, was $255,336,444.00.

Dividends were received by this Company from the British Company in the amount of $3,579,494.09 during the year 1945 as compared with $3,181,774.39 in 1944.

AUDITORS' CERTIFICATE

There is directed to the stockholders a certificate of the independent auditors, R. G. Rankin & Co., which appears on page 10. It is the intention to continue the services of this firm to audit the records for the year 1946.

COMPARATIVE RECORD

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

GERMAN COMPANY

A very limited amount of information is obtainable concerning the physical condition of the German Company. This is due principally to the chaotic economic internal condition, and disrupted communication and transportation facilities between the established zones in that country. The investment of this Company in the German Company was written down to $1.00 in 1941.

NUMBER OF STORES

At the close of the year the total number of stores operated in the U. S. A., Canada and Cuba was 1971. This was 33 stores less than at the end of 1944.

The decision to close these stores was made only after very careful consideration of all of the facts involved. In some instances the stores were opened many years ago and during the subsequent period the shopping areas gradually moved to new centers. Anticipating this situation the Company has opened or enlarged other stores to take care of this available business.

In other cases, as the leases expired, it was deemed advisable to close the stores rather than to renew leases on undesirable locations or on an unprofitable rental basis. Continued effort is being made to secure better locations for many of these stores.

MERCHANDISING CONDITIONS

During and since the war the supply of merchandise available has been inadequate to meet the requirements of our customers. However, present indications point to a gradual improvement in this condition during the coming months.

It is our purpose to resume our progressive merchandising policy as soon as possible. To this end our buyers have been working in close cooperation with manufacturers, not only to insure an early return of many pre-war items unobtainable during the past few years, but also in the use of plastics, nylons and other new materials in the development of new items in quantities and designs that will represent excellent values and appeal to our customers. See illustrations on pages 14 and 15 of merchandise now available.

WOMEN'S WEA
AND ACCESSORI
—Nylon Hose, Plas
Handbags, Leath
Belts, Metal Compa
—these are some
the practical, fashio
able long-waited-f
items now on o
counters or soon
appear at reasonab
prices.

POTTERY AND GLASS BRIC-A-BRAC — Many lovely appointments for the home are carried in pleasing variety in most of our stores. Artistically designed vases, bowls, pitchers, baskets, and glassware are a few of these items available in charming colors and patterns.

ELECTRICA
GOODS — Love
lamps to light a
decorate the hom
electric stoves, toa
ers, heaters, clocks, a
irons to make hom
tasks easier, now ava
able in many stor
Greater store distrib
tion will be ma
when larger quan
ties are obtainable.

NNERWARE—At-
ive table settings
he discriminating
ewife and hostess.
ty patterns are
lable now at many
olworth stores in
or individual
es. More and more
s will have them
larger quantities
available.

TOYS — Woolworth's pleases children the year around with its large variety of playthings for boys and girls. Big dolls, little dolls, all kinds of stuffed toys, novelties, educational toys, games and books — everything that adds up to fun for the kiddies.

TCHENWARE —
oolworth has a fine
lection of low-
iced, good quality
chen utensils and
uipment of alumi-
m, enamel, and
ss in various sizes
d shapes to meet
e requirements of
e individual home-
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STORE IMPROVEMENTS AND EXPANSION

Since 1942 our expansion program has been at a standstill under Governmental war-time restrictions. The period of transition from war to a peace-time economy is now at hand and your Company has well-developed plans to proceed with this work as soon as conditions in connection with construction are on a more stable basis. Our program therefore will evolve gradually and will take advantage of many of the war-time developments in industry and science that may be found adaptable for practical and economical use in our business.

PERSONNEL

Your Company has been fortunate indeed in the splendid degree of Company loyalty and cooperation shown by its employees during a difficult war year.

The large number of men and women in the Armed Services made it necessary for those at home to assume extra duties and greater responsibilities. These they performed willingly and cheerfully, for which our Company is deeply grateful. A special tribute is due to those experienced women of the organization for the fine work done in taking over the management of many stores in order to release men for war service.

RETURNING SERVICE PERSONNEL

Throughout the war and since hostilities have ceased, we have maintained contact through correspondence and bulletins with all personnel in the services, in so far as it was possible to do so. Of the 5948 who served, 426 were women. When we take into consideration the fact that the men who served represent about 50 per cent of the Company's total normal number of male personnel, it can be understood how eager the Company is to have all of these employees return.

Our hopes are being realized, for of the 1109 persons who have been discharged, 921, or 83 per cent, have returned to the Company. We have assured those who are still in the services that they too will receive the same hearty welcome as those who have already returned.

A scene in the DETROIT, MICHIGAN, store at 1249-71 Woodward Avenue. In the background is part of the MEZZANINE FOOD UNIT, a noteworthy feature of the store. This unit plus the well-appointed eating facilities on the main floor and in the basement afford the public comfortable places to eat wholesome, reasonably priced food and bakery products prepared in the store's own kitchen and bakery. This is one of 24 Woolworth stores in the City of Detroit.

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F. W. WOOLWORTH CO.

Annual Report

FOR THE YEAR ENDED
DECEMBER 31, 1946

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F. W. WOOLWORTH CO.

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CHARLES S. WOOLWORTH*
Honorary Chairman, Board of Directors

CHARLES W. DEYO
Chairman, Board of Directors

ALFRED L. CORNWELL
President

FLOYD R. COLE
Vice-President

IVAN W. KEFFER
Executive Vice-President & Treasurer

PAUL HOFER, Jr.
Secretary & Ass't Treasurer

E. CLARK MAUCHLY
Vice-President

JAMES T. LEFTWICH
Ass't Secretary & Ass't Treasurer

GEORGE F. TERPENNING
Vice-President

C. HOWARD LOVELL
Ass't Secretary

Directors

ALFRED L. CORNWELL . . . . *Officer and Member of Executive Committee*
FLOYD R. COLE . . . . . *Officer and Member of Executive Committee*
HERBERT J. COOK . . . . . *Manager, Canadian District*
CHARLES W. DEYO . . . . . *Officer and Member of Executive Committee*
LEWIS H. GAUSE . . . . . *Manager, Cleveland District*
CLIFFORD O. GILBERT . . . . . *Manager, Albany District*
PAUL HOFER, Jr. . . . . *Officer*
SAMUEL H. HUBER . . . . . *Manager, Philadelphia District*
IVAN W. KEFFER . . . . . *Officer and Member of Executive Committee*
ALLAN P. KIRBY . . . . . *President of Alleghany Corporation*
SEYMOUR H. KNOX . *Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
PHILIP LEHMAN . . . . . *Banker, Member of Firm Lehman Bros.*
EDWARD H. LOTZ . . . . . *Manager, Boston District*
E. CLARK MAUCHLY . . . . . *Officer and Member of Executive Committee*
BYRON D. MILLER . . . . . *Member of Executive Committee*
HENRY E. O'NEIL . . . . . *Manager, St. Louis District*
CARSON C. PECK . . . . *Sales Promotion and Member of Executive Committee*
FREMONT C. PECK . . . . . *New York, N. Y.*
MARTIN A. SCHENCK *Attorney, Member of Firm, Davies, Auerbach, Cornell & Hardy*
WILLIAM L. STEPHENSON . *Chairman, F. W. Woolworth & Co., Ltd., England*
GEORGE F. TERPENNING . . . *Officer and Member of Executive Committee*
HARRY E. WARD . . . . *Chairman of Board, Irving Trust Company, N. Y.*
FREDERICK J. WECKESSER . . . . . *Wilkes-Barre, Pa.*
*CHARLES S. WOOLWORTH . . . *Honorary Chairman of the Board of Directors*

* *Died January 7, 1947.*

Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York 15, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York 15, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1946

SEATTLE, WASH.

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK 7, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

The next annual meeting of the stockholders will be held on Wednesday, May 21, 1947. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 19, 1947, at which time proxies will be requested by the Management.

F. W. WOOLWORTH CO.

EXECUTIVE OFFICE
WOOLWORTH BUILDING
NEW YORK 7, N. Y.

To Our Stockholders:

WE ARE PLEASED to submit herewith on behalf of the Board of Directors the Annual Report of your Company for the year 1946. The use of graphs and photographs has been continued, in an effort to make the report more informative and interesting.

In reviewing the results from operations it is gratifying to state that sales volume showed an increase for the eighth consecutive year, reaching a new record of $552,369,440.27 for 1946, or $75,232,992.72 more than sales for the previous year. This increase was also the largest of any individual year on record.

Net Income for the year after provision for government taxes likewise was an all-time record, amounting to $39,939,684.52. This was equivalent to $4.12 per share, as compared with $2.43 per share earned in 1945.

Dividends totaling $2.10 per share were paid during the year, which consisted of regular quarterly dividends of 40¢ per share aggregating $1.60, and an extra dividend of 50¢ per share. There were 76,117 stockholders at the end of the year as compared with 74,546 a year ago.

The Board of Directors, at a meeting held on January 8, 1947, decided to increase the regular quarterly dividend to 50¢ per share, and also declared an extra dividend of 50¢ per share, both payable on March 1, 1947. In taking this action due consideration was given to the necessity of reserving funds to be applied toward the financing of the large expansion program to which the Company is committed, which during the next three years alone will involve extensive improvements and the merchandising of larger stores at 195 locations.

Continued improvement in the financial position of the Company made possible the paying off of the remainder of 2½% debentures in the amount of $17,000,000 on July 15, 1946. The

Company now has no indebtedness excepting mortgages on real estate as shown on the Balance Sheet.

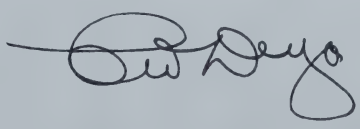
The Management expresses its appreciation to all Woolworth employees and executives for their loyalty and splendid cooperation. An efficient organization is an invaluable asset in furthering the success of the business, and in this connection credit is due our stockholders for having approved at the last annual meeting a retirement income plan, recommended by the Management, which is an important influence upon the morale of the employees, and will enable the Company to attract and hold personnel of desired qualifications.

Substantial progress was made during the past year in the quality and supply of merchandise carried in our stores. We look forward with confidence to the new year in the hope that there will be continued improvement. In view of the increase in facilities of manufacturers on the Pacific Coast, the Company has opened a branch buying office in Los Angeles, Calif.

It is with sincere regret that we announce the passing away of Mr. Charles Sumner Woolworth on January 7, 1947, at the age of 90. He became associated with his brother Frank W. Woolworth, the founder of this business, on July 19, 1879. Upon the death of Frank W. Woolworth in 1919 he became Chairman of the Board of Directors. On February 9, 1944, because of illness he relinquished that responsibility, and was thereupon made Honorary Chairman of the Board.

The Management has endeavored through the means of this Annual Statement to report to stockholders on matters of general interest concerning the business, and would appreciate receiving comments which any stockholder may feel disposed to make.

Very truly yours,



CHAIRMAN OF THE BOARD

January 27, 1947. PRESIDENT

CONSOLIDATED ANNUAL REPORT
for the year 1946

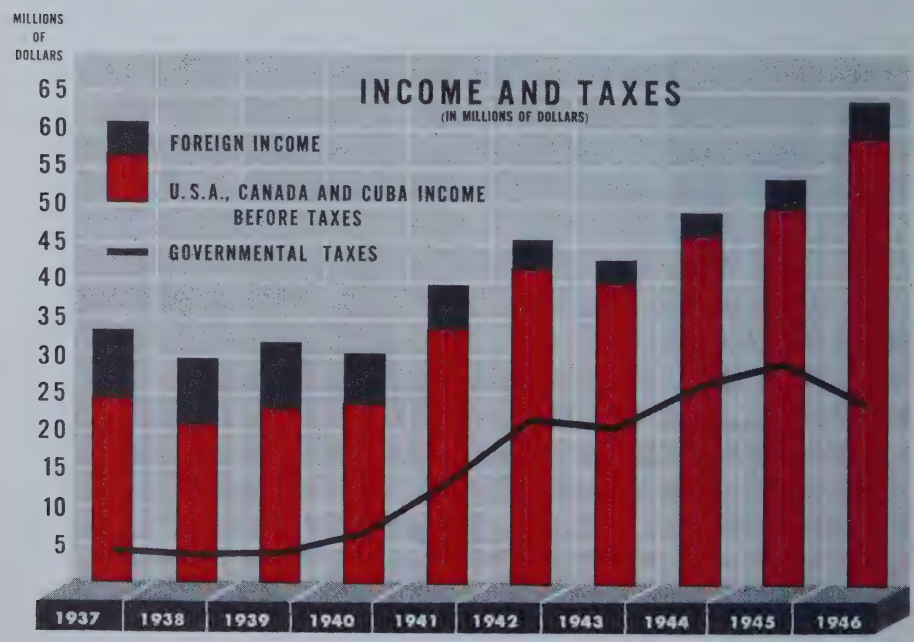
THIS REPORT covers results from the operation of 1958 stores in the United States, Canada and Cuba for the year 1946, and also includes the investment in and cash income received from the affiliated British Company.

SALES

Sales for the year amounted to $552,369,440.27 as compared with $477,136,447.55 for the year 1945, or an increase of $75,232,992.72. A comparative record of sales for past years showing the growth of the business appears on page 12.

NET INCOME

Net Income for the year amounted to $39,939,684.52 after deduct-



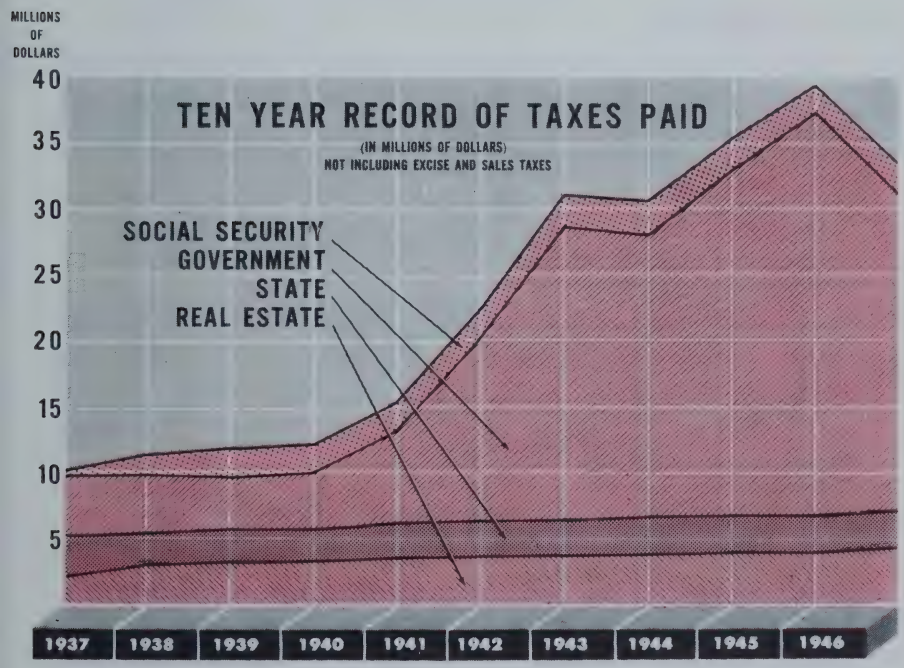
ing reserves of $31,375,866.11 for depreciation, amortization and United States, Canadian and Cuban government taxes. These earnings were equivalent to $4.12 per share. Net Income for the previous year was $23,587,269.13 or $2.43 per share. The accompanying graph covers a ten-year comparison of income from domestic and foreign sources before provision for governmental taxes and also shows the amount of income taken for such taxes.

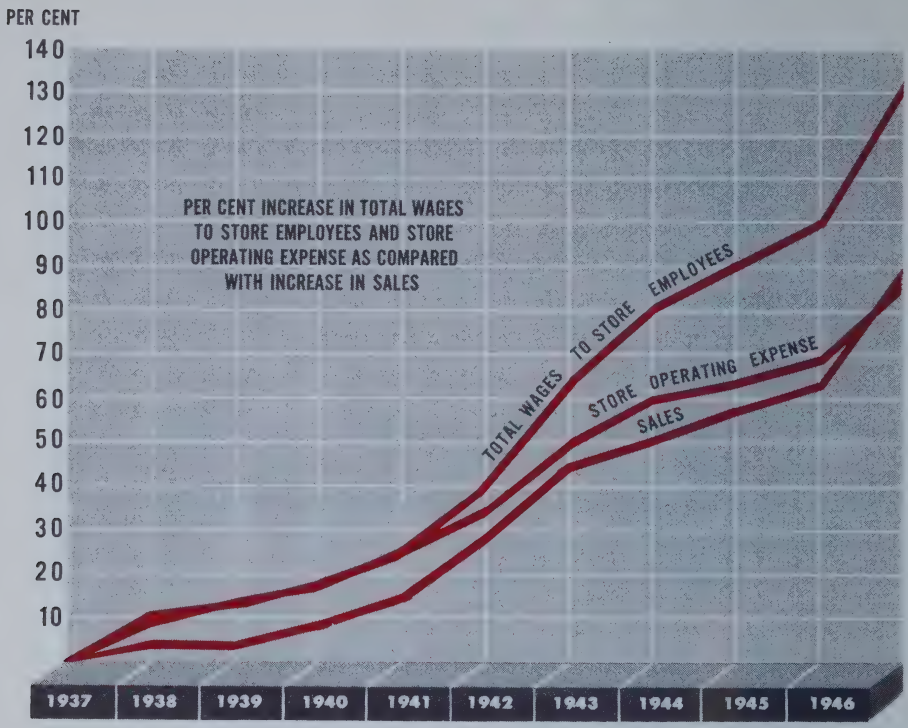
DIVIDENDS

Cash dividends of $20,377,575.75 were paid to stockholders, same consisting of four regular quarterly payments of 40¢ per share each, and in addition, an extra cash dividend of 50¢ per share making a total of $2.10 per share.

TAXES

A reserve in the amount of $24,050,000.00 was set up for Federal, Canadian and Cuban government taxes. A graph showing a ten-year comparison of cost of various taxes appears below.





EXPENSES

The control of operating expenses continued to receive careful consideration throughout the year. The increase in expenses was due principally to higher wages as indicated on the accompanying graph.

FINANCIAL POSITION

The working capital of the Company as represented by net current assets increased to $108,227,006.00 compared with $105,473,971.72 at the end of the previous year. Included in this amount is cash of $58,780,887.95 and investment of $27,581,576.00 in government securities.

The finances improved to the extent that the Company was able to pay off the remainder of 2½% debentures in the amount of $17,000,000 on July 15, 1946, without impairing its cash position.

Continued on Page 11

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1946 and 1945

	1946	*1945*
Sales—United States, Canada and Cuba	$552,369,440.27	$477,136,447.55
Less: Cost of Sales and Expenses (Cost of sales computed on first in—first out basis)	487,384,659.24	420,676,265.10
Net Profit from Operations	$ 64,984,781.03	$ 56,460,182.45
Add—Other Income		
Income from Real Estate	$ 1,319,765.62	$ 1,244,959.56
Dividends—F. W. Woolworth & Co., Ltd., England	4,891,976.93	3,579,494.09
Interest and Miscellaneous	553,646.43	460,553.60
Total	$ 6,765,388.98	$ 5,285,007.25
Balance	$ 71,750,170.01	$ 61,745,189.70
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,053,070.27	$ 3,066,418.94
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,272,795.84	4,536,776.17
Interest	416,763.36	442,903.28
Foreign Exchange Loss	17,856.02	211,822.18
Total	$ 7,760,485.49	$ 8,257,920.57
Net Income before U.S.A. and Canadian Taxes	$ 63,989,684.52	$ 53,487,269.13
Deduct		
Provision for Excess Profits Taxes	$ 2,100,000.00	$ 18,940,000.00
Less: Postwar Credit	—	540,000.00
Net Excess Profits Taxes	$ 2,100,000.00	$ 18,400,000.00
Provision for Income Taxes	21,950,000.00	11,500,000.00
Total	$ 24,050,000.00	$ 29,900,000.00
Net Income—transferred to Surplus	$ 39,939,684.52	$ 23,587,269.13

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars at par for 1946 and 90.50 cents for 1945 as follows: 1946, $1,289,674.72; 1945, $1,650,648.60.

ASSETS

Current Assets	*1946*	*1945*
Cash	$ 58,780,887.95	$ 53,694,077.41
Government Bonds and Tax Savings Notes	27,581,576.00	45,090,563.13
Receivables	2,841,583.62	2,654,083.66
Merchandise Inventories—Valued at cost	67,776,432.50	49,417,219.76
Merchandise in Transit—at cost	4,202,209.02	2,044,165.42
Total Current Assets	$161,182,689.09	$152,900,109.38
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England (conversion rate: 1946 and 1945 — $4.025)	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	1,062,117.47	1,071,499.83
Other Securities—Cost, less reserve	93,092.80	93,092.80
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 32,034,841.41	$ 32,044,223.77
Fixed Assets—at cost		
Real Estate and Buildings	$ 37,624,768.18	$ 35,638,171.12
Less: Reserve for Depreciation of Buildings	6,355,703.99	5,922,252.66
	$ 31,269,064.19	$ 29,715,918.46
Furniture and Fixtures	$ 53,236,884.71	$ 53,559,977.06
Less: Reserve for Depreciation	19,176,871.21	17,959,387.61
	$ 34,060,013.50	$ 35,600,589.45
Equipment, less amortization	$ 1,410,150.16	$ 1,116,069.80
Total Fixed Assets	$ 66,739,227.85	$ 66,432,577.71
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 14,058,891.16	$ 14,569,764.92
Alterations to Leased and Owned Buildings and Store Organization Expenses	31,581,516.82	31,717,761.25
	$ 45,640,407.98	$ 46,287,526.17
Less: Amortization for Year	4,272,795.84	4,536,776.17
Balance	$ 41,367,612.14	$ 41,750,750.00
Other Assets		
Store and Office Supplies—Valued at cost	$ 1,869,582.38	$ 1,825,867.20
Prepaid Expenses	1,015,803.24	448,561.39
Postwar Credit on Canadian Excess Profits Taxes	1,492,698.86	1,337,990.32
Total Other Assets	$ 4,378,084.48	$ 3,612,418.91
GOODWILL	$ 1.00	$ 1.00
Total	$305,702,455.97	$296,740,080.77

The statement includes net current assets of the Canadian subsidiary as follows: 1946—$9,738,758.32; 1945—$8,906,703.19 and other net assets of that subsidiary as follows: 1946—$11,820,761.16; 1945—$10,402,226.04.

LIABILITIES AND CAPITAL

Current Liabilities		*1946*	*1945*
Accounts Payable and Accruals		$ 22,690,527.95	$ 13,331,107.53
Accounts Payable—Merchandise in Transit		4,202,209.02	2,044,165.42
Mortgage Payments		674,195.93	35,773.09
Accrued Interest on Debentures		—	194,791.63
Reserve for U. S. A. and Canadian Taxes		25,388,750.19	31,820,299.99
Total Current Liabilities		$ 52,955,683.09	$ 47,426,137.66
Long-Term Debt			
Fifteen-year 2½% Sinking Fund Debentures, due July 15, 1955, redeemed July 15, 1946		—	$ 17,000,000.00
Purchase Money Mortgages		$ 4,713,992.51	4,999,187.04
Total Long-Term Debt		$ 4,713,992.51	$ 21,999,187.04
Reserves			
For Foreign Exchange Losses		—	$ 30,801.18
For Employees' Sick Benefits		$ 100,000.00	100,000.00
Total Reserves		$ 100,000.00	$ 130,801.18
Capital Stock—Par value $10 per share			
Authorized	20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued	10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,392.5 shares are held by the Company)	9,750,000 Shs.	$ 97,500,000.00	$ 97,500,000.00
Earned Surplus			
Balance, January 1st		$131,330,963.59	$123,269,466.46
Add:			
Net Income for Year		39,939,684.52	23,587,269.13
Accumulated Reserves for Foreign Exchange Losses as of January 1, 1946		1,186,716.71	—
		$172,457,364.82	$146,856,735.59
Deduct:			
Dividends declared and paid (1946—$2.10 a share; 1945—$1.60 a share)		$ 20,377,575.75	$ 15,525,772.00
Book value of 46,392.5 shares of Treasury Stock, less $901,633.79 previously charged to Surplus		1,647,008.70	1,647,008.70
Total Deductions		$ 22,024,584.45	$ 17,172,780.70
Balance, December 31st		$150,432,780.37	$129,683,954.89
Total		$305,702,455.97	$296,740,080.77

Earned surplus includes undistributed surplus of foreign subsidiaries as follows: 1946—$43,576,461.81; 1945—$41,130,871.56.

The company, in consideration of modification of certain long-term leases, which will result in a saving in rent of approximately $2,000,000 over the period of the leases, has guaranteed the payment of a note of $2,500,000 of a lessor. Rentals payable by Woolworth under said leases will be used to gradually repay this loan.

AUDITORS' CERTIFICATE

R. G. RANKIN & CO.,
30 Broad Street,
New York 4, N. Y.

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the Consolidated Balance Sheet of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1946 and the related Statement of Consolidated Income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary.

We accepted, after review, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the Consolidated Balance Sheet upon the following basis: net current assets converted into U. S. dollars at par and other net assets at the prevailing rate of exchange during the year acquired.

In our opinion, the accompanying Consolidated Balance Sheet and the related Statement of Consolidated Income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1946, and the results of operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 27, 1947

MERCHANDISE INVENTORY

Investment in merchandise in stores and warehouses at the close of the year was $67,776,432.50 as compared with $49,417,219.76 at the end of the previous year.

The amount of stock on hand at the end of the year is proportionate to the increased sales volume and the Management considers this position satisfactory since it indicates that stores have sufficient quantities of merchandise on hand for the anticipated increased business during the early months of 1947.

F. W. WOOLWORTH & CO., LTD., ENGLAND

The British Company, in which this Company owns a majority stock interest, reported net income of £9,148,357 for the year 1946 before provision for taxes. This compared with £7,249,447 for the preceding year. Reserves were set up for taxes applicable to 1946 income in the amount of £3,571,474 and also an additional reserve of £2,000,000 against future taxes. A dividend of 2 shillings 9 pence was declared on Ordinary (common) shares, payable March 1, 1947, which makes a total dividend disbursement of 3 shillings 6 pence per share out of 1946 earnings as compared with 2 shillings 9 pence per share for the previous year. The final surplus carried forward after deducting the March, 1947, dividend increased to £8,082,220 as compared with £7,917,836 a year ago. The investment of this Company in the British Company is carried on the Balance Sheet at a book value of $30,879,630.14, however, the market value based on the London Stock Exchange closing quotation on December 31, 1946, converted into U. S. dollars at the rate of $4.02½ per pound, was $320,960,292.19.

AUDITORS' CERTIFICATE

The records for the year were audited by independent auditors, R. G. Rankin & Co., and the Auditors' Certificate directed to the stockholders appears on page 10. It is the intention to continue the services of this firm to audit the records for the year 1947.

COMPARATIVE RECORD

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"
1946	1958	552,369,440	4.12	2.10	"

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

GERMAN COMPANY

F. W. Woolworth Co., G.m.b.H. had 82 stores in operation at the outbreak of war, of which 70 were partially or totally destroyed during hostilities. At present 40 stores are in operation, the majority in partially restored premises. The nucleus of an organization has been maintained and the former General Manager has been appointed Custodian of the Company under the jurisdiction of the United States Military Government. Progress is being made on restoration of damaged buildings. The total investment of this Company in the German Company is carried on the Balance Sheet at $1.00.

NUMBER OF STORES

At the close of the year there were in operation 1805 stores in the U. S. A., 145 in Canada and 8 in Cuba, making a total of 1958 stores. During the year 14 stores were closed as leases expired because in most instances they could not be profitably operated under present conditions. The stores were either inadequate in size, rent too high considering available business, not advantageously located, or other stores of the Company in the immediate vicinity were or will be enlarged and improved to take care of the available business. A new store was opened in Arlington, Va.

MERCHANDISING CONDITIONS

There have been many interruptions in the flow of merchandise to our stores during the past year. Prevailing conditions have made it difficult for many of our suppliers to obtain adequate production. However, supplies have increased greatly over those of last year, and as a result the stores are now in a better position to satisfy customers' wants in quantities and quality of staple merchandise along with other excellent values in new and improved lines. The Management wishes to take this opportunity to express its appreciation to its many suppliers for their cooperation during the past year. With their help we look forward with optimism to a return to more normal merchandising conditions in the year 1947.

Little Red Hen

BABY ANNE
DIAPER PANTY

For 68 years Woolworth policy has been to make more things available to more people at lower prices for greater value.

As the nation returns to full peacetime production, we are able to offer the public a broader selection of better quality merchandise. These are typical of the items which are appearing on Woolworth counters in growing quantities.

STORE IMPROVEMENT AND EXPANSION

An extensive improvement program including alterations and new buildings was planned for the year 1946, but under the Veterans' Emergency Housing Program all projects, on which work had not actually been started prior to March 26, 1946, had to be held in abeyance. However, in accordance with government regulations and with C. P. A. approval, the completion of 20 major projects was accomplished. Beyond that plans are drawn for a substantial number of new store buildings and alterations which will be started as soon as government restrictions are lifted and material and labor are available.

PERSONNEL

In recognition of the loyal services of the many thousands of employees in the stores, offices and warehouses, the retirement income plan, which was approved by the stockholders, was put into effect as of January 1, 1946.

Vacation schedules for all employees have been revised so that those who have been with the Company for five years or more will now have three weeks' vacation with pay. Those who have been with the Company one year but less than five, will have two weeks' vacation with pay. Employees who have been with the Company six months but less than one year, will have one week's vacation with pay.

CHANGE IN OFFICERS

At the time of the annual election of officers which took place at the meeting of the Board of Directors held on June 12, 1946, Mr. C. W. Deyo requested that he be relieved of the office of President, whereupon he was elected to continue as active Chairman of the Board. Mr. A. L. Cornwell, formerly Executive Vice-President and Treasurer, was elected President, and Mr. I. W. Keffer, formerly Vice-President, was elected to succeed Mr. Cornwell as Executive Vice-President and Treasurer.

Part of the interior of the new Portland, Maine, store opened November 7, 1946. This establishment has the largest floor space of any single floor Woolworth store in the country. The modern eating facilities on the right seat 98 and serve well-prepared, tempting food at moderate prices. A bakery within the store provides fresh breads and pastries from the store's own ovens. This new structure stands on the site where former Woolworth stores have been since 1900.

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F. W. WOOLWORTH CO.

ANNUAL REPORT
for the year ended
DECEMBER 31, 1947

F. W. WOOLWORTH CO.

Officers

CHARLES W. DEYO
Chairman, Board of Directors

ALFRED L. CORNWELL
President

IVAN W. KEFFER
Executive Vice-President & Treasurer

E. CLARK MAUCHLY
Vice-President

GEORGE F. TERPENNING
Vice-President

FLOYD R. COLE
Vice-President

PAUL HOFER, Jr.
Secretary & Ass't Treasurer

JAMES T. LEFTWICH
Comptroller
Ass't Secretary & Ass't Treasurer

HARRY E. WILSON
Ass't Treasurer

C. HOWARD LOVELL
Ass't Secretary

TROUSDALE BROWN
Ass't Secretary

Directors

ALFRED L. CORNWELL . . . . *Officer and Member of Executive Committee*
FLOYD R. COLE . . . . . *Officer and Member of Executive Committee*
HERBERT J. COOK . . . . . *Manager, Canadian District*
CHARLES W. DEYO . . . . . *Officer and Member of Executive Committee*
HARRY W. FRANK . . . . . *Manager, Manhattan District*
ALEXANDER R. GALLENKAMP . . . . . *Manager, Minneapolis District*
LEWIS H. GAUSE . . . . . *Manager, Cleveland District*
CLIFFORD O. GILBERT . . . . . *Manager, Albany District*
PAUL HOFER, Jr. . . . . *Officer*
SAMUEL H. HUBER . . . . . *Manager, Philadelphia District*
IVAN W. KEFFER . . . . . *Officer and Member of Executive Committee*
ALLAN P. KIRBY . . . . . *President of Alleghany Corporation*
SEYMOUR H. KNOX . *Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
E. CLARK MAUCHLY . . . . *Officer and Member of Executive Committee*
BYRON D. MILLER . . . . . *Member of Executive Committee*
HENRY E. O'NEIL . . . . . *Manager, St. Louis District*
CARSON C. PECK . . . . . *Personnel and Member of Executive Committee*
FREMONT C. PECK . . . . . *New York, N. Y.*
MARTIN A. SCHENCK *Attorney, Member of Firm, Davies, Auerbach, Cornell & Hardy*
WILLIAM L. STEPHENSON . *Chairman, F. W. Woolworth & Co., Ltd., England*
GEORGE F. TERPENNING . . . *Officer and Member of Executive Committee*
HARRY E. WARD . . . . *Chairman of Board, Irving Trust Company, N. Y.*
FREDERICK J. WECKESSER . . . . . *Wilkes-Barre, Pa.*
RICHARD W. WOOLWORTH . . . . . *Salem Center, N. Y.*

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Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York 15, N.Y.

Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York 15, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1947

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK 7, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

The next annual meeting of the stockholders will be held on Wednesday, May 19, 1948. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 24, 1948, at which time proxies will be requested by the Management.

FEB 20 1948

UNIVERSITY OF ILLINOIS

F. W. WOOLWORTH CO.

EXECUTIVE OFFICE
WOOLWORTH BUILDING
NEW YORK 7, N. Y.

To Our Stockholders:

IT IS OUR privilege to present herewith on behalf of the Board of Directors the Annual Report of your Company for the year 1947, including the Consolidated Balance Sheet and Statement of Consolidated Income, which have been certified by independent public auditors. These financial statements give statistics concerning operations in the United States of America, Canada, and Cuba, and also include the investment in and cash dividends from the affiliated British Company.

For your convenience, we are commenting in this letter upon the most important matters. In the pages that follow the accomplishments and problems of the business are explained in greater detail.

Sales for the year, exceeding those of all previous years, amounted to $593,359,194.20, as compared with $552,369,440.27 for the year 1946. These sales were procured in 1945 stores. The upward trend of sales was more pronounced during the latter part of the year, culminating in a record of $101,671,475.12 during the month of December, an increase of $15,581,338.18 over December of last year.

Net Income reached a new record amounting to $41,913,414.62, the equivalent of $4.32 per share, after providing for Reserves of $24,200,000.00 for government taxes and $7,572,072.75 for depreciation and amortization. By comparison, net income for 1946 amounted to $39,939,684.52, or $4.12 per share.

Dividends aggregating $24,259,018.50 were paid to stockholders during the year, consisting of an extra dividend of 50¢ per share paid on March 1, and four quarterly dividends of 50¢ per share, or a total of $2.50. During the preceding year, a total of $2.10 per share was paid. Stockholders numbered 79,906 at the close of the year, an increase of 3,789.

An extra dividend of 50¢ per share in addition to the regular quarterly dividend of 50¢ per share was declared by the Directors

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at a meeting held on January 14, 1948. Both dividends will be paid on March 1, 1948.

Your Company continues to maintain a strong financial position. Working capital or net current assets increased during the year from $108,227,006.00 to $118,838,462.16. Included in this amount were cash on hand and investment in government bonds amounting to $87,011,577.01 at the close of the year. The Company has no bank loans or funded debt. It is necessary to reserve a substantial amount of cash to finance the expansion program, on which progress is being made as stated in detail on page 19 of this report. Based upon the results obtained up to the present time, the investment for this purpose should prove very profitable for the stockholders and will be an important factor in maintaining the growth of the Company.

We sincerely regret the death of Mr. Philip Lehman on March 21, 1947. Mr. Lehman was a director of this Company from February 16, 1912, to the time of his death.

Your Management appreciates the many expressions of good will received from stockholders during the year and also the splendid spirit of cooperation and loyalty shown by employees and executives of the Company on all levels of responsibility.

The long-term trend of business conditions is unpredictable because of the many conflicting elements in our economy. However, at this time, in view of the present rate of consumer buying power, as reflected in the current high level of industrial activity, 1948 gives promise of being another satisfactory year.

This report is an accounting to you on the affairs of your Company, and it is hoped that you will find it interesting. We invite any comments or inquiries which you may desire to make.

Very truly yours,

CHAIRMAN OF THE BOARD

PRESIDENT

January 26, 1948.

A portion of the selling floor of one of the 1945 stores operated by F. W. Woolworth Co. in the U. S., Canada and Cuba in 1947.

CONSOLIDATED ANNUAL REPORT for the year 1947

THE WOOLWORTH business has been carried on continuously since 1879. This report presents the financial results of F. W. Woolworth Co.'s sixty-eighth year of operation. It details the sales, income, dividends, and financial position in 1947, when 1945 stores were operating in the United States, Canada, and Cuba. It also includes the investment and cash income from F. W. Woolworth & Co., Ltd., the affiliated British Company.

SALES

Sales for the year amounted to $593,359,194.20 as compared with $552,369,440.27 for the year 1946, or an increase of $40,989,753.93. A comparative record of sales for past years, showing the growth of the business, appears on page 15.

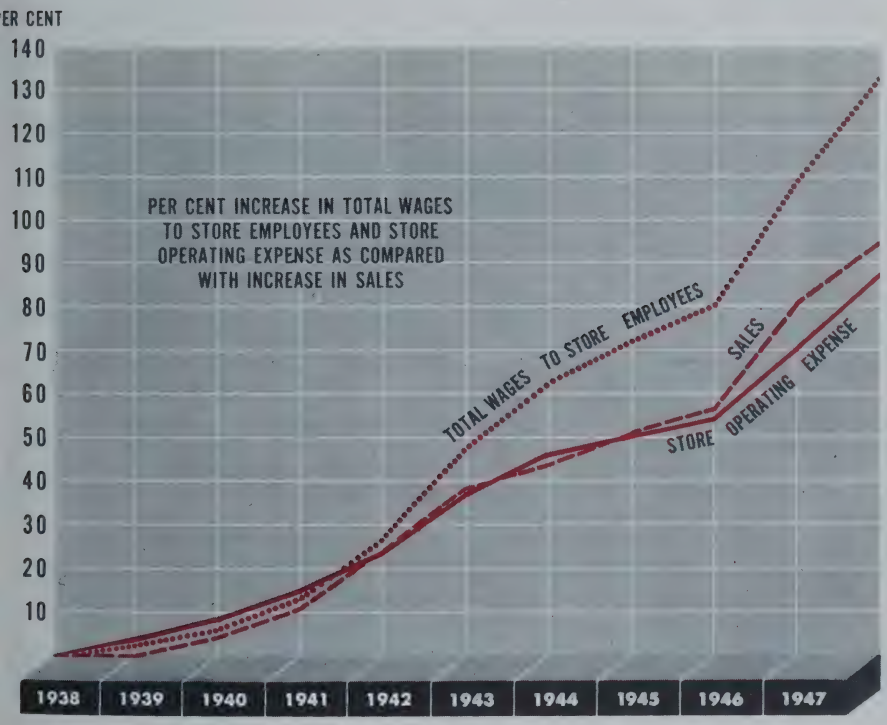
By far the greater part of your Company's income during 1947 was derived from sales to the customers of the American, Canadian, and Cuban stores. Other income, including dividends from the British subsidiary and income from real estate and from miscellaneous sources, amounted to $7,795,850.71, as detailed in the Statement of Consolidated Income on page 9.

EXPENSES

To carry on its business, Woolworth has to buy the vast quantities of merchandise its millions of customers demand, and must also meet operating expenses such as wages and salaries, rent, light and heat, supplies, repairs, and other services as well as a multitude of local and state taxes. Outlays for all these purposes totaled $527,387,015.03 during 1947.

Every year your Company has to allow for depreciation of store buildings and fixtures. It has to write off or amortize the value of improvements to certain leased properties. Depreciation and amortization deductions amounted to $7,572,072.75 during the year.

Careful consideration is given to the control of operating expenses. This year's increase was due principally to higher wages as indicated on the accompanying graph.

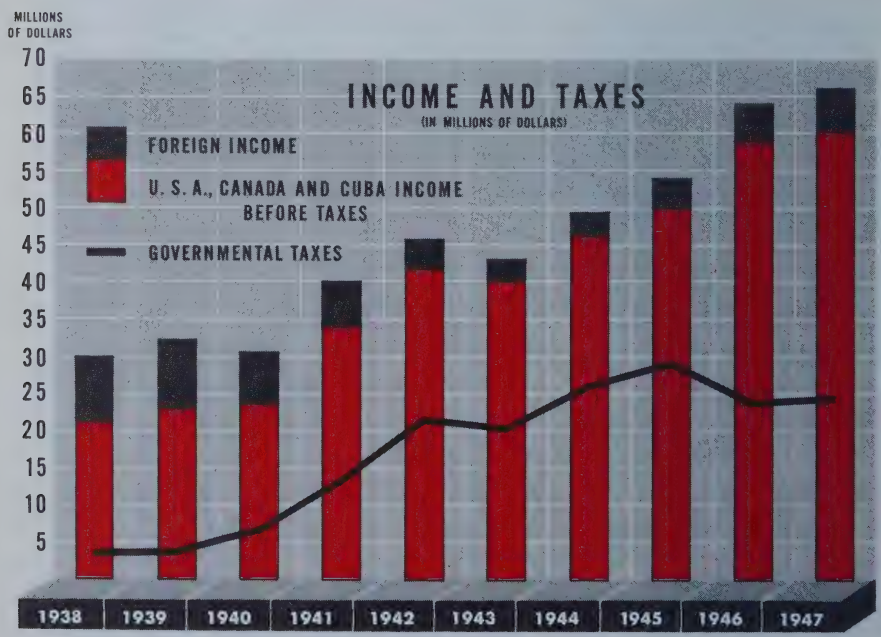


NET INCOME

After all costs, operating expenses, taxes, and other deductions, your Company earned a net income of $41,913,414.62 for the year. These earnings were equivalent to $4.32 per share compared to $39,939,684.52 or $4.12 per share for the previous year. The accompanying graph indicates the income, before governmental taxes, from domestic and foreign sources for the last ten years. The graph also indicates the amount of income taken for such taxes.

DIVIDENDS

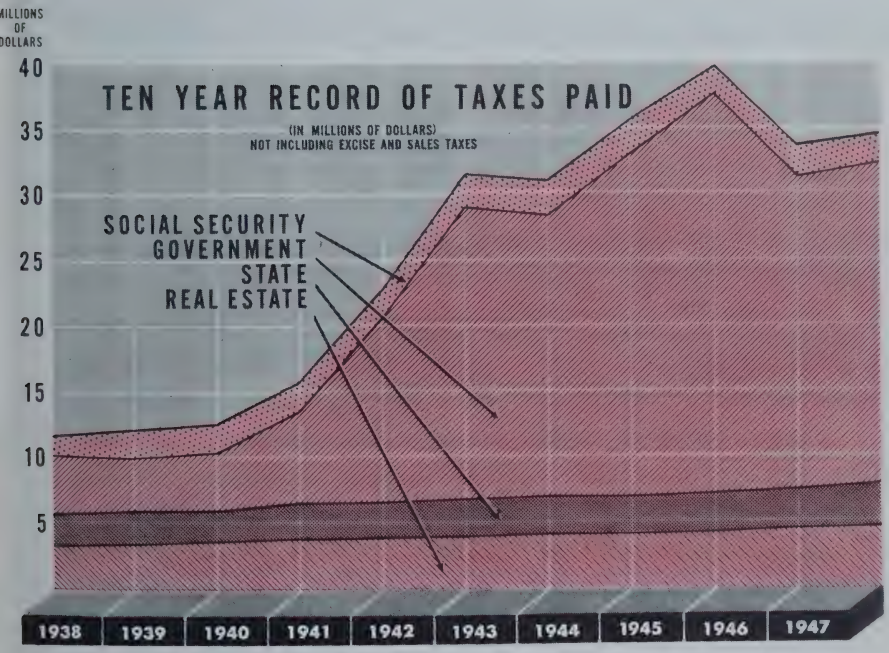
Cash dividends of $24,259,018.50 were paid to stockholders in four regular quarterly payments of 50¢ per share. In addition, there was an extra cash dividend of 50¢ per share, making a total of $2.50 per share for the year, as compared with $2.10 per share for the previous year.

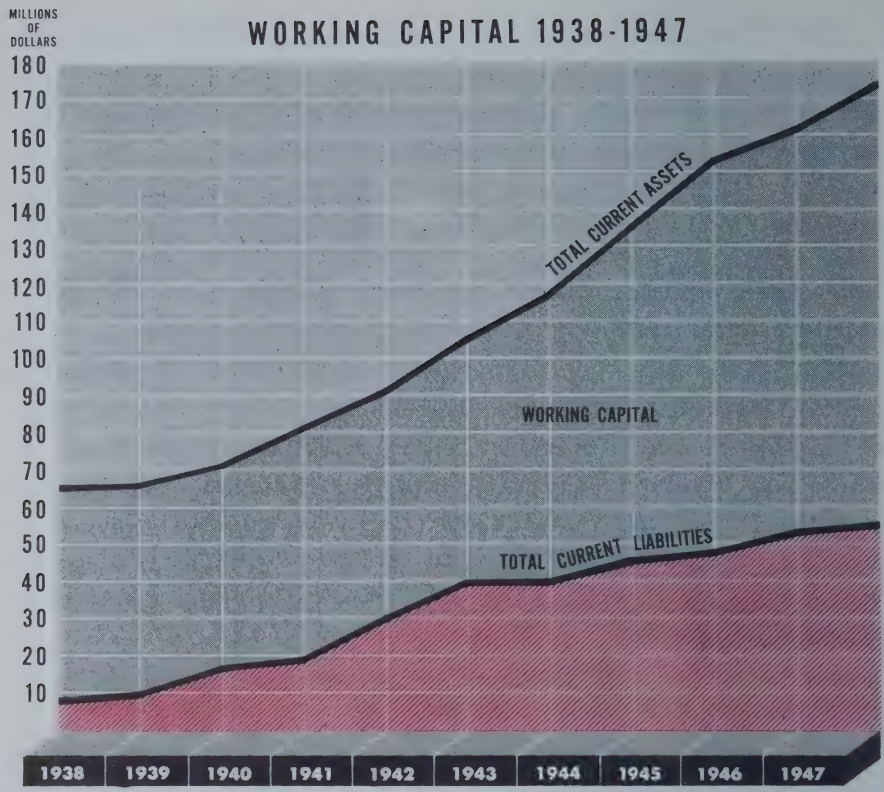


Net income not paid out as dividends is held in surplus or reinvested to expand the business in order to improve service to customers and to stock a greater assortment of merchandise in anticipation of greater sales volume and profits.

TAXES

Like other businesses your Company must help to pay for the cost of government. A reserve of $24,200,000.00 was set up for Federal, Canadian, and Cuban government taxes. Local real estate taxes last year were $4,724,159.22, state taxes were $3,216,902.78, and Woolworth's share of Social Security payments was $2,476,057.85. The graph below compares the cost of these taxes from 1938 through 1947. Not included in the graph are sales and excise taxes in the amount of $12,409,361, which were collected by Woolworth from customers for various government agencies.





FINANCIAL POSITION

Working capital, the excess of current assets over current liabilities, has grown continually, as shown in the graph above. Total current assets, including $64,192,596 cash and $22,818,981 of government securities, were $173,631,328 on December 31, 1947, on which date current liabilities totaled $54,792,866. A year before, total current assets were $161,182,689 and total current liabilities, $52,955,683. Increased working capital enables the Company to handle a larger volume of business and, at the same time, provide funds for expansion and improvement.

At the end of 1947 the Company's total assets were $325,029,899, compared with $305,702,456 at the close of the previous year. Total liabilities were $59,642,745 on December 31, 1947, and $57,769,676 on the same date in 1946. Capital

Continued on Page 13

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1947 and 1946

	1947	*1946*
Sales—United States, Canada and Cuba	$593,359,194.20	$552,369,440.27
Less: Cost of Sales and Expenses (Cost of sales computed on first-in—first-out basis)	527,387,015.03	487,384,659.24
Net Profit from Operations	$ 65,972,179.17	$ 64,984,781.03
Add—Other Income		
Income from Real Estate	$ 1,281,092.27	$ 1,319,765.62
Dividends—F. W. Woolworth & Co., Ltd., England	6,128,714.32	4,891,976.93
Interest and Miscellaneous	386,044.12	553,646.43
Total	$ 7,795,850.71	$ 6,765,388.98
Balance	$ 73,768,029.88	$ 71,750,170.01
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,157,326.20	$ 3,053,070.27
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,414,746.55	4,272,795.84
Interest	71,908.18	416,763.36
Foreign Exchange Loss	10,634.33	17,856.02
Total	$ 7,654,615.26	$ 7,760,485.49
Net Income before U.S.A. and Canadian Taxes	$ 66,113,414.62	$ 63,989,684.52
Deduct		
Provision for Excess Profits Taxes—Canada	$ 650,000.00	$ 2,100,000.00
Provision for Income Taxes	23,550,000.00	21,950,000.00
Total	$ 24,200,000.00	$ 24,050,000.00
Net Income—transferred to Surplus	$ 41,913,414.62	$ 39,939,684.52

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars at par of exchange as follows: 1947—$1,621,976.47; 1946—$1,289,674.72.

ASSETS

Current Assets	*1947*	*1946*
Cash	$ 64,192,596.01	$ 58,780,887.95
Government Bonds and Tax Savings Notes	22,818,981.00	27,581,576.00
Receivables	2,506,391.61	2,841,583.62
Merchandise Inventories—Valued at cost	78,789,285.36	67,776,432.50
Merchandise in Transit—at cost	5,324,073.68	4,202,209.02
Total Current Assets	$173,631,327.66	$161,182,689.09
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England (conversion rate: 1947 and 1946 — $4.025)	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	49,096.60	1,062,117.47
Other Securities—Cost, less reserve	91,375.80	93,092.80
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 31,020,103.54	$32,034,841.41
Fixed Assets—at cost		
Real Estate and Buildings	$ 43,181,955.86	$ 37,624,768.18
Less: Reserve for Depreciation of Buildings	6,842,060.59	6,355,703.99
	$ 36,339,895.27	$ 31,269,064.19
Furniture and Fixtures	$ 54,553,897.75	$ 53,236,884.71
Less: Reserve for Depreciation	20,103,850.51	19,176,871.21
	$ 34,450,047.24	$ 34,060,013.50
Equipment, less amortization	$ 2,046,493.03	$ 1,410,150.16
Total Fixed Assets	$ 72,836,435.54	$ 66,739,227.85
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 15,015,408.18	$ 14,058,891.16
Alterations to Leased and Owned Buildings and Store Organization Expenses	32,366,921.76	31,581,516.82
	$ 47,382,329.94	$ 45,640,407.98
Less: Amortization for Year	4,414,746.55	4,272,795.84
Balance	$ 42,967,583.39	$ 41,367,612.14
Other Assets		
Store and Office Supplies—Valued at cost	$ 2,286,714.35	$ 1,869,582.38
Prepaid Expenses	795,034.23	1,015,803.24
Postwar Credit on Canadian Excess Profits Taxes	1,492,698.86	1,492,698.86
Total Other Assets	$ 4,574,447.44	$ 4,378,084.48
Goodwill	$ 1.00	$ 1.00
Total	$325,029,898.57	$305,702,455.97

The statement includes net current assets of the Canadian subsidiary as follows: 1947—$10,319,925.62; 1946 — $9,738,758.32 and other net assets of that subsidiary as follows: 1947—$12,861,570.33; 1946—$11,820,761.16

LIABILITIES AND CAPITAL

Current Liabilities		*1947*	*1946*
Accounts Payable and Accruals		$ 22,304,744.05	$ 22,690,527.95
Accounts Payable—Merchandise in Transit		5,324,073.68	4,202,209.02
Mortgage Payments		481,358.51	674,195.93
Reserve for U. S. A. and Canadian Taxes		26,682,689.26	25,388,750.19
Total Current Liabilities		$ 54,792,865.50	$ 52,955,683.09
Purchase Money Mortgages		$ 4,549,879.58	$ 4,713,992.51
Reserve for Employees' Sick Benefits		300,000.00	100,000.00
Capital Stock—Par value $10 per share			
Authorized	20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued	10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,393 shares are held by the Company)	9,750,000 Shs.	$ 97,500,000.00	$97,500,000.00
Earned Surplus			
Balance, January 1st		$152,079,789.07	$131,330,963.59
Add:			
Net Income for Year		41,913,414.62	39,939,684.52
Accumulated Reserves for Foreign Exchange Losses as of January 1, 1946		—	1,186,716.71
		$193,993,203.69	$172,457,364.82
Deduct:			
Dividends declared and paid (1947—$2.50 a share; 1946—$2.10 a share)		$ 24,259,018.50	$ 20,377,575.75
Transferred to reserve for employees' sick benefits		200,000.00	—
Book value of 46,393 shares of Treasury Stock, less $901,633.79 previously charged to Surplus		1,647,031.70	1,647,008.70
Total Deductions		$ 26,106,050.20	$ 22,024,584.45
Balance, December 31st		$167,887,153.49	$150,432,780.37
Total		$325,029,898.57	$305,702,455.97

Earned surplus includes undistributed surplus of foreign subsidiaries as follows: 1947—$45,198,438.28; 1946—$43,576,461.81.

AUDITORS' CERTIFICATE

R. G. RANKIN & CO.,
30 Broad Street,
New York 4, N. Y.

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the consolidated balance sheet of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1947 and the related statement of consolidated income for the year then ended. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the domestic company without making a detailed audit of all transactions and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary.

We accepted, after review, the financial statements of the Canadian subsidiary as certified by independent auditors. The accounts of that subsidiary were taken into the consolidated balance sheet upon the following basis: net current assets converted into U. S. dollars at par and other net assets at the prevailing rate of exchange during the year acquired.

In our opinion, the accompanying consolidated balance sheet and the related statement of consolidated income fairly present the financial condition of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1947, and the results of operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 26, 1948

stock on December 31, 1947, unchanged from the previous year, was $97,500,000, consisting of 9,750,000 shares of which 46,393 shares were held in the treasury. Earned surplus increased from $150,432,780 on December 31, 1946, to $167,887,153 a year later.

MERCHANDISE INVENTORY

Merchandise in stores and warehouses at the close of 1947 amounted to $78,789,285 as compared with $67,776,432 at the end of the previous year. This increased inventory is in keeping with increased sales. Furthermore, during the past year the Company has added many new items, including higher-priced lines of merchandise, not previously carried. Inventory has also increased in certain lines and in many individual items that were in short supply a year before. Today we are able to carry reserve stocks of these items.

With the larger assortment of merchandise, better values, and the reserve stocks on hand in each store, we are in a favorable position to secure the increased business we anticipate during the early part of 1948.

AUDITORS' CERTIFICATE

The records for the year were audited by R. G. Rankin & Co., Certified Public Accountants. The auditors' certificate directed to the stockholders appears on page 12. Continuation of the services of this firm to audit the records for the year 1948 has been authorized by the Board of Directors.

WOOLWORTH IN ENGLAND

The affiliated British Company, F. W. Woolworth & Co., Ltd., England, had a net income of £9,603,834 for the year 1947 before provision for taxes, an increase of £455,477 over the preceding year. Reserve for taxes was £6,156,009 as compared with £5,571,473 in 1946, both amounts covering current taxes and a partial reserve for future taxation. This Company owns a majority stock interest in the British Company, on which divi-

dends of $6,128,714.32 were received in cash during the year 1947, as compared with $4,891,976.93 in the preceding year. The investment in the British Company is carried on our Balance Sheet at a book value of $30,879,630.14; however, the market value based on the London Stock Exchange closing quotation on December 31, 1947, converted into U. S. dollars at the official rate of $4.02½ per pound was $296,301,632.81. Full credit for the substantial amount of dividends received from that Company is due to its employees and executives, who have carried on in the face of difficulties never before experienced in peace time. Because of the restrictions on non-residential construction, little progress has been made in rebuilding stores which were damaged or destroyed during the war; however, 756 stores are now in operation in the British Isles out of a total of 768 prior to the war.

WOOLWORTH IN GERMANY

Of the 82 German stores which F. W. Woolworth Co., G.m.b.H., was operating in 1939, 70 were destroyed or damaged by war. Repairs have been limited to those necessary to protect usable buildings from further damage by the elements. Despite this handicap, 44 stores have reopened for limited operation. Our Company's total investment in the German subsidiary is carried on the balance sheet at $1.00.

Even on their present limited scale, these Woolworth outposts are among the most convincing demonstrations of the American way of life that we could show the people of Europe. Each Woolworth store is a daily reminder that competitive enterprise can bring people worthwhile merchandise at fair prices and can also offer employment to a substantial number of individuals.

NUMBER OF STORES

The Company ended the year with 1945 stores in operation: 1792 in the United States, 145 in Canada, and 8 in Cuba. During the year 17 stores were closed as leases expired because in most instances they could not be profitably operated under existing

COMPARATIVE RECORD

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"
1946	1958	552,369,440	4.12	2.10	"
1947	1945	593,359,194	4.32	2.50	9,703,607

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

conditions. These conditions varied: in some instances stores were inadequate in size; in other cases leases could not be renewed on favorable terms; locations had deteriorated or other stores of the Company in the immediate vicinity were or will be enlarged or improved to take care of the available business. Four new stores were opened in promising communities. Of the existing stores 16 were housed in new buildings at the same or nearby locations, and 16 others were modernized.

MERCHANDISING CONDITIONS

More merchandise was available on Woolworth counters in 1947 than in 1946 despite scarcities and price instability in some lines. In many instances the quality of the merchandise was also improved over the previous year.

A good part of total sales is accounted for by standard items which are in constant demand. However, the merchandising policy is flexible enough to meet the public demand for new style or novelty items.

Woolworth buyers are constantly contacting suppliers to discover new sources of merchandise that can be retailed at popular prices. Every day new items, as well as an increased and improved assortment of staple, style, and novelty merchandise, appear on our counters.

Our suppliers deserve a great deal of credit for furnishing us with large quantities of quality merchandise.

Over the years the wares on Woolworth counters have kept pace with the rise in living standards and changes in buying tastes. The Company makes available a wide assortment of better things at moderate prices, thus helping to put a more abundant life within easy reach of more people.

These photographs of actual displays of merchandise store counters suggest the range and diversity of goo which Woolworth offered to the buying public last ye Items, such as infants' wear and lamps, are typical of pra tical merchandise available at moderate prices.

Bell
Bell
Bell

STORE IMPROVEMENT AND EXPANSION

In the continuous effort to increase its sales and to attain new high standards of operating efficiency, the Company is carrying out a broad program of store improvement and expansion as rapidly as conditions permit. During 1947, 37 major projects, including a new warehouse in Toronto, Canada, were completed. A substantial number of alterations and additions are now in progress or are expected to be started in 1948.

Design of new and reconstructed stores is guided by such practical considerations as maximum return on investment, service to customers, merchandise display, and operating efficiency. Plans have been made to continue improvements beyond 1948 in keeping with the Company's progress.

THE PEOPLE WHO ARE WOOLWORTH'S

The officers, buyers, and other supervisory personnel by the very nature of their positions carry heavy responsibilities to the stockholders for the successful management of the affairs of the Company, but, were it not for the large and efficient store, office, and warehouse personnel, the Company could not succeed.

Now, as throughout the history of the Company, all men who hope to become store managers must begin their training in the stock rooms of the stores, and, as they learn, they are advanced to positions of greater responsibility, first as managers of comparatively small stores and later, depending on ability, they are placed in the larger units. District Office supervisory personnel is in turn drawn from the ranks of the store managers, and officers and buyers in the Executive Office are drawn from the District Offices with the result that the affairs of the Company are administered at all levels by individuals with many years of continuous service.

nplete sets of dishes and aluminum cooking utensils former luxuries which Woolworth's volume sales have ped to bring within reach of more people.

The store personnel, other than the managers, represent the vast majority of the total of Woolworth employment and here, too, is found a large number of individuals with service records that bespeak the harmony that exists among Woolworth employees from top to bottom.

The establishment of larger stores and the merchandising of higher price lines have provided broader opportunities for advancement to store workers, especially women. The specific positions that have proved most attractive to these employees and in which a high quality of service is rendered by them are in office work, personnel, floor supervision, and in supervising the handling and sale of style as well as staple merchandise lines.

The store manager is ever alert for young women who are capable of assuming increased responsibilities in the various divisions of store activity.

At the end of 1947 there were 9,982 employees in stores and offices below the rank of manager who had been continuously employed for more than 5 years, over 500 of whom had been with the Company more than 25 years.

When employees of the Company become eligible as to age and length of service, they receive liberal paid vacations, sick benefits, and Christmas bonuses. The Company also has in effect an annuity plan which pays benefits, upon retirement, to those employees who qualify as to age and length of service.

In concluding this report of another year of successful operation, the Board of Directors wishes to express its appreciation to those who have made this success possible: cooperative employees, experienced executives, helpful suppliers, loyal stockholders, and, of course, the buying public. On these people rest the present achievements and the hope for the future progress of the Company.

This new and modern store building in Bridgeport, Connecticut, opened in May 1947, replaced an old Woolworth unit in that city which was closed the year before. Embodying many of the improvements of modern retailing design, the store has two selling floors and numerous features that help to make both selling and shopping easier and more convenient.

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F. W. WOOLWORTH CO.

ANNUAL REPORT

for the year ended

DECEMBER 31, 1948

F. W. WOOLWORTH CO.

Officers

CHARLES W. DEYO
Chairman, Board of Directors

ALFRED L. CORNWELL
President

IVAN W. KEFFER
Executive Vice-President & Treasurer

E. CLARK MAUCHLY
Vice-President

GEORGE F. TERPENNING
Vice-President

FLOYD R. COLE
Vice-President

PAUL HOFER, Jr.
Secretary & Ass't Treasurer

JAMES T. LEFTWICH
Comptroller
Ass't Secretary & Ass't Treasurer

HARRY E. WILSON
Ass't Treasurer

C. HOWARD LOVELL
Ass't Secretary

TROUSDALE BROWN
Ass't Secretary

Directors

ALFRED L. CORNWELL	*Officer and Member of Executive Committee*
FLOYD R. COLE	*Officer and Member of Executive Committee*
HERBERT J. COOK	*Manager, Canadian District*
CHARLES W. DEYO	*Officer and Member of Executive Committee*
HARRY W. FRANK	*Manager, Manhattan District*
ALEXANDER R. GALLENKAMP	*Manager, Minneapolis District*
LEWIS H. GAUSE	*Manager, Cleveland District*
CLIFFORD O. GILBERT	*Manager, Albany District*
PAUL HOFER, Jr.	*Officer*
SAMUEL H. HUBER	*Manager, Philadelphia District*
IVAN W. KEFFER	*Officer and Member of Executive Committee*
ALLAN P. KIRBY	*President of Alleghany Corporation*
SEYMOUR H. KNOX	*Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
E. CLARK MAUCHLY	*Officer and Member of Executive Committee*
BYRON D. MILLER	*Member of Executive Committee*
HENRY E. O'NEIL	*Manager, St. Louis District*
CARSON C. PECK	*Personnel and Member of Executive Committee*
FREMONT C. PECK	*New York, N. Y.*
MARTIN A. SCHENCK	*Attorney, Member of Firm, Davies, Hardy, Schenck & Soons*
WILLIAM L. STEPHENSON	*Former Chairman, F. W. Woolworth & Co., Ltd., England*
GEORGE F. TERPENNING	*Officer and Member of Executive Committee*
HARRY E. WARD	*Chairman of Board, Irving Trust Company, N. Y.*
FREDERICK J. WECKESSER	*Wilkes-Barre, Pa.*
RICHARD W. WOOLWORTH	*Salem Center, N. Y.*

Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York 15, N. Y.

Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York 15, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1948

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK 7, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

The next annual meeting of the stockholders will be held on Wednesday, May 18, 1949. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 23, 1949, at which time proxies will be requested by the Management.

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F. W. WOOLWORTH CO.

EXECUTIVE OFFICE
WOOLWORTH BUILDING
NEW YORK 7, N. Y.

To Our Stockholders:

ON BEHALF of the Board of Directors, we present herewith the Consolidated Annual Report of your Company for the year 1948, which has been audited by Certified Public Accountants. In order that you may comprehend more fully the results from operations for the year and the problems involved, the financial statements are supplemented by graphs, photographs and comments on important details of the business.

Sales for the year amounted to $623,941,562.24, an increase of $30,582,368.04 over the previous year. This volume of business established a new record.

It is interesting to note that during the past 36 years there were only five years in which sales volume declined below the preceding year. Sales for the year 1948 were approximately ten times greater than for the year 1912, while the number of stores was only three times greater. Comparative details will be found on page 16.

Net income amounted to $43,495,789.63 after provision for reserves to cover depreciation, amortization and government taxes. These earnings were equivalent to $4.48 per share as compared with $4.32 per share earned in 1947. The current year again produced record earnings although the cost of doing business is constantly increasing, as indicated in graph on page 6.

Dividends amounting in the aggregate to $24,259,017.50 or $2.50 per share were paid to stockholders during the year. There were four quarterly dividends of 50¢ per share and an extra dividend of 50¢ per share paid on March 1st. This is the same amount as paid during 1947. The number of stockholders increased 2,698 during the year to a total of 82,604.

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The Board of Directors at meeting held on January 12, 1949 declared an extra dividend of 50¢ per share in addition to the regular quarterly dividend of 50¢ per share. Both dividends will be paid on March 1, 1949.

Your attention is directed to the substantial financial condition of your Company, as indicated in the Balance Sheet. The working capital or net current assets has been maintained at the high level of $118,631,680.76. Included in current assets is cash in the amount of $68,611,132.10 and investment of $13,825,467.00 in Government bonds. It is necessary to reserve a substantial amount of cash to finance the expansion program on which satisfactory progress is being made. A detailed report on this program appears on page 15.

Your Management expresses appreciation for the efficient, loyal service rendered by the many employees in our stores, warehouses and offices. We also acknowledge the splendid cooperation of our many suppliers who have worked closely with our buyers in developing and producing new and improved lines of merchandise.

We believe that you will find this report on the affairs of your Company interesting and we invite any comments or inquiries you may care to make.

Very truly yours,

CHAIRMAN OF THE BOARD

PRESIDENT

January 25, 1949.

This, the largest Woolworth Store in operation, with three sales floors, movin
stairs, fluorescent lighting, air conditioning, terrazzo floors and many other featur
for the convenience of customers, was opened on November 18, 1948. It
located in Newark, N. J., and has entrances on both Broad and Market stree

CONSOLIDATED ANNUAL REPORT
for the year 1948

THIS REPORT presents the results from operations for the year 1948, of F. W. Woolworth Co., a New York Corporation, and of its Canadian subsidiary, F. W. Woolworth & Co., Limited. The business of these companies is conducted in the United States of America, Cuba and the Dominion of Canada. Also included in the financial statements are the investment in and dividends received from F. W. Woolworth & Co., Limited, the affiliated British Company.

SALES

Sales for the year in stores operated in the United States of America, Canada and Cuba amounted to $623,941,562.24 as compared with $593,359,194.20 for the year 1947, or an increase of $30,582,368.04.

This sales increase reflects in part the result of improved merchandizing and the expansion program, a portion of which was completed during the year.

OTHER INCOME

Dividends from our investment in the British affiliate, F. W. Woolworth & Co., Limited, and income from real estate and miscellaneous sources amounted to $7,567,648.82. Operations of the British company are detailed on page 10.

EXPENSES

Operating expenses, which include wages, rents, light, heat, supplies, repairs, and many other services as well as local and state taxes, plus the cost of goods sold amounted to $556,701,039.54 for

the year. Wages showed the greatest percentage increase of any of the items of expense, as clearly indicated on the accompanying graph.

Allowance must also be made for depreciation on the cost of store buildings and fixtures. The Company must write off or amortize the cost of buildings on leased ground and alterations and store organization expenses. These two items amounted to $8,040,150.67.

NET INCOME

Net income for the year amounted to $43,495,789.63 after provision for $8,040,150.67 for depreciation and amortization, and $23,250,000.00 for government taxes. These earnings were equivalent to $4.48 per share. Net income for the previous year was $41,913,414.62 or $4.32 per share.

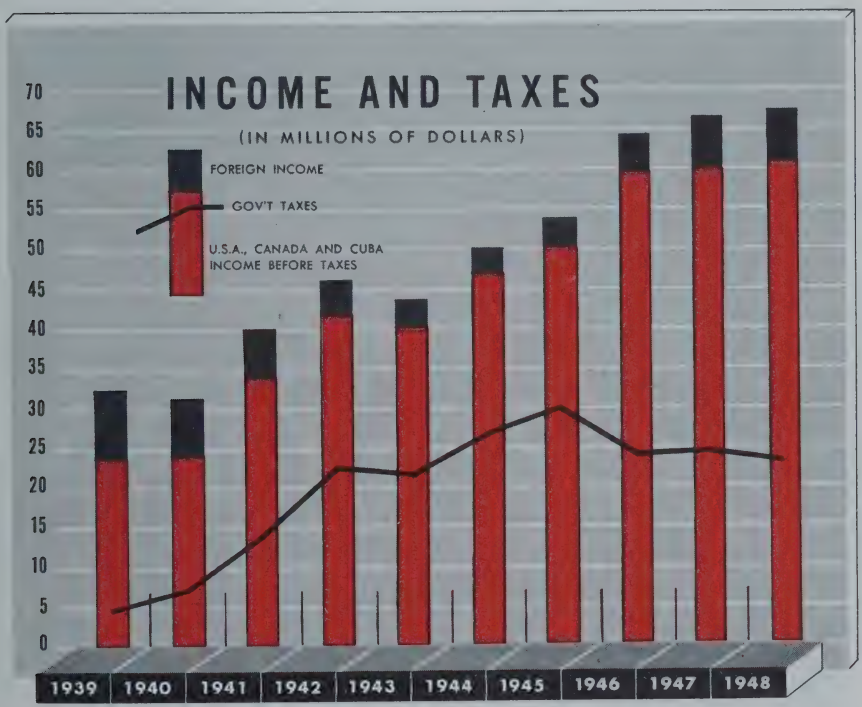
The graph below shows a 10-year comparison of income from domestic and foreign sources before provision for government taxes, and also indicates the large amount of income taken for such taxes.

DIVIDENDS

Total cash dividends of $2.50 per share were paid during the year, consisting of four regular quarterly payments of 50¢ per share and an extra dividend of 50¢ per share. These dividends amounted in the aggregate to $24,259,017.50 which is the same amount paid during 1947. A comparative record of dividends for the past thirty-seven years is given on page 16.

TAXES

Taxes, over which the Company has no control, again showed an upward trend. The amount paid for the year was $35,139,640.61

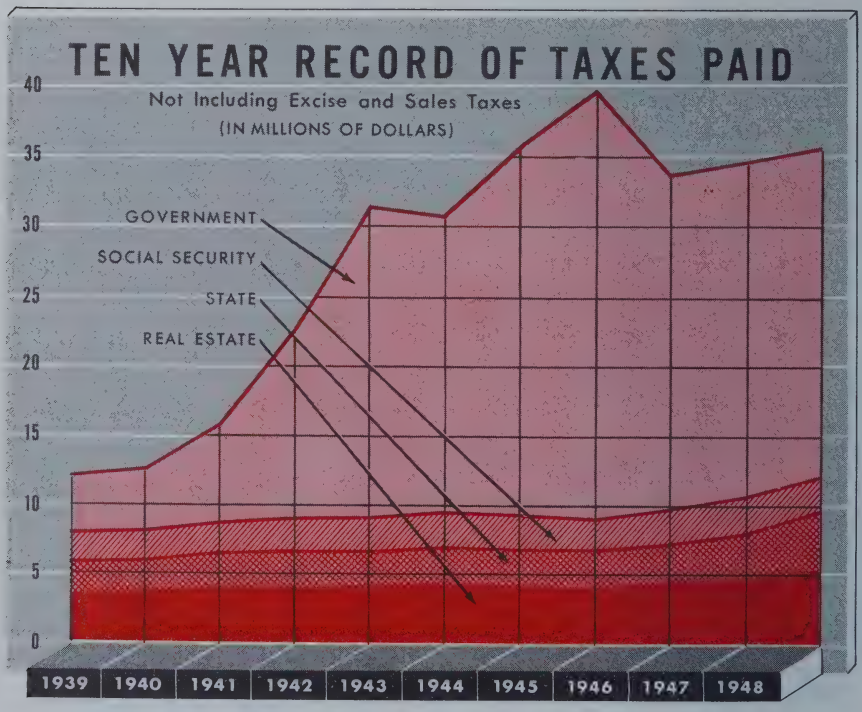


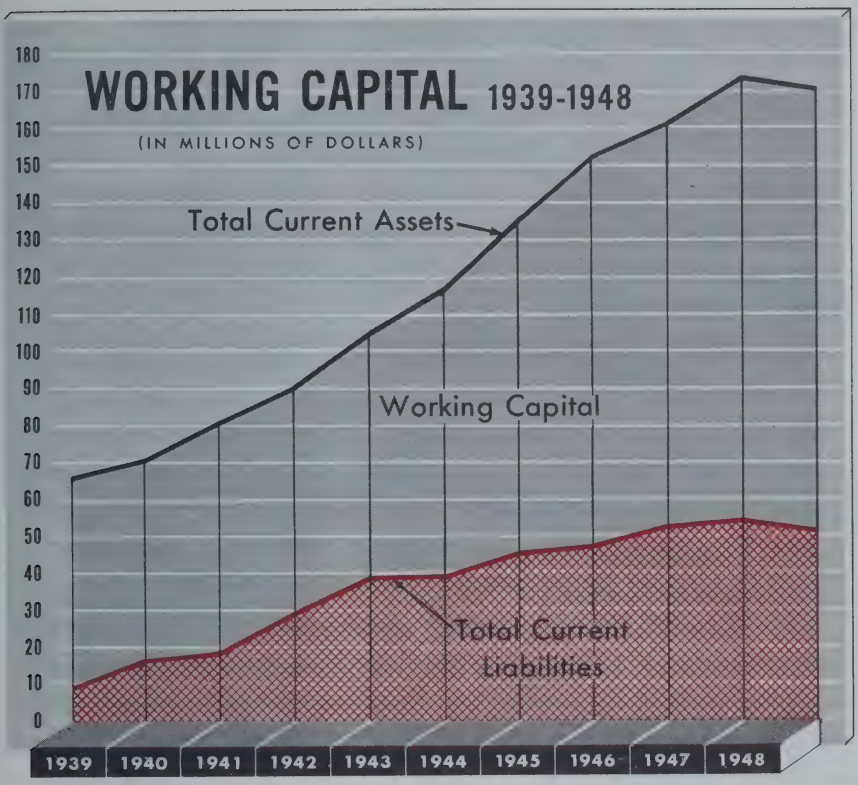
or equivalent to $3.62 per share. This includes a reserve of $23,250,000.00 for Federal, Canadian and Cuban government taxes, $5,139,009.09 for local real estate taxes, $4,180,756.36 for State taxes, and $2,429,582.66 for payments on account of social security for employees. In addition sales and excise taxes, in the amount of $12,447,570.98, were collected by your Company from customers for various government agencies.

The graph below shows the increase in taxes during the past 10 years. Your special attention is called to the large increase in government taxes during that period. This emphasizes how essential it is to the government, from the standpoint of its revenue, that business continues to operate profitably.

FINANCIAL CONDITION

The Balance Sheet of your Company shows a continued substantial financial position. Working capital, the excess of current assets





over current liabilities, amounted to $118,631,680.76, compared with $118,838,462.16 a year ago. The investment in fixed and other assets increased $20,681,712.22 during the year to a total of $172,080,283.13. Current assets included cash of $68,611.132.10 and $13,825,467.00 invested in Government bonds. The above graph shows the comparative improvement over the past ten-year period.

The program of enlargement and improvement of stores which is necessary in order to keep step with the modernization trend of this industry and provide for continued growth requires the investment of a substantial amount of cash. All of this cash is being provided through the reinvestment of a portion of the profits of the business. The Company has no funded debt. Therefore, with the exception of real estate mortgages, there are no

liens prior to the capital stock. At the end of 1948 there were 9,750,000 shares issued and outstanding, including 46,393 shares held in the treasury of the Company.

MERCHANDISE INVESTMENT

Merchandise in our stores and warehouses at the close of 1948 amounted to $81,816,383.09 as compared with $78,789,285.36 at the end of the previous year.

A number of factors contributed to this increased investment. The assortment of merchandise in the stores is more complete than it was a year ago, and includes many items of the higher price range which are in growing demand in the Woolworth stores. Also, new stores which were opened and those stores which were enlarged in 1948 required an increased investment in merchandise due to the greater amount of counter space.

The amount of merchandise inventoried is in keeping with sales volume, is of good current value, and the assortment is adequate to start the new year. The Company is therefore in a favorable position to meet any market condition that may develop in the early part of 1949.

AUDITORS' CERTIFICATE

The records for the past year were audited by R. G. Rankin & Co., Certified Public Accountants. The auditors' certificate, directed to the stockholders, appears on page 14. The Board of Directors has authorized the continuance of the services of this firm to audit the records for the year 1949.

F. W. WOOLWORTH & CO., LIMITED, ENGLAND

The British Company reported a net income of £9,779,924 for the year 1948, before provision for taxes. Earnings for the preceding year amounted to £9,603,834. Reserve for current taxes was £5,092,937 as compared with £5,586,009 for 1947. Other reserves were increased £520,000 over amounts of the previous

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1948 and 1947

	1948	1947
Sales—United States, Canada and Cuba	$623,941,562.24	$593,359,194.20
Less: Cost of Sales and Expenses (Cost of sales computed on first in—first out basis)	556,701,039.54	527,387,015.03
Net Profit from Operations	$ 67,240,522.70	$ 65,972,179.17
Add—Other Income		
Income from Real Estate	$ 1,253,346.15	$ 1,281,092.27
Dividends—F. W. Woolworth & Co., Ltd., England	6,128,712.80	6,128,714.32
Interest and Miscellaneous	185,589.87	386,044.12
Total	$ 7,567,648.82	$ 7,795,850.71
Balance	$ 74,808,171.52	$ 73,768,029.88
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,379,284.14	$ 3,157,326.20
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,660,866.53	4,414,746.55
Interest	11,596.89	71,908.18
Foreign Exchange Loss	10,634.33	10,634.33
Total	$ 8,062,381.89	$ 7,654,615.26
Net Income before U.S.A. and Canadian Taxes	$ 66,745,789.63	$ 66,113,414.62
Deduct		
Provision for Excess Profits Taxes—Canada	—	$ 650,000.00
Provision for Income Taxes	$ 23,250,000.00	23,550,000.00
Total	$ 23,250,000.00	$ 24,200,000.00
Net Income—transferred to Surplus	$ 43,495,789.63	$ 41,913,414.62

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars at par of exchange as follows: 1948—$2,502,918.67; 1947—$1,621,976.47.

ASSETS

Current Assets	*1948*	*1947*
Cash	$ 68,611,132.10	$ 64,192,596.01
Government Bonds and Savings Notes	13,825,467.00	22,818,981.00
Receivables	3,084,620.14	2,506,391.61
Merchandise Inventories—Valued at cost	81,816,383.09	78,789,285.36
Merchandise in Transit—at cost	2,867,181.03	5,324,073.68
Total Current Assets	$170,204,783.36	$173,631,327.66
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England (conversion rate: 1948 and 1947 — $4.025)	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	29,923.80	49,096.60
Other Securities—Cost, less reserve	91,375.80	91,375.80
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 31,000,930.74	$ 31,020,103.54
Fixed Assets—at cost		
Real Estate and Buildings	$ 48,150,548.87	$ 43,181,955.86
Less: Reserve for Depreciation of Buildings	7,248,370.33	6,842,060.59
	$ 40,902,178.54	$ 36,339,895.27
Furniture and Fixtures	$ 59,709,268.84	$ 54,553,897.75
Less: Reserve for Depreciation	20,971,513.78	20,103,850.51
	$ 38,737,755.06	$ 34,450,047.24
Equipment, less amortization	$ 2,645,762.56	$ 2,046,493.03
Total Fixed Assets	$ 82,285,696.16	$ 72,836,435.54
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 18,815,915.34	$ 15,015,408.18
Alterations to Leased and Owned Buildings and Store Organization Expenses	40,627,813.19	32,366,921.76
	$ 59,443,728.53	$ 47,382,329.94
Less: Amortization for Year	4,660,866.53	4,414,746.55
Balance	$ 54,782,862.00	$ 42,967,583.39
Other Assets		
Store and Office Supplies—Valued at cost	$ 2,406,288.84	$ 2,286,714.35
Prepaid Expenses	652,726.38	795,034.23
Postwar Credit on Canadian Excess Profits Taxes	951,778.01	1,492,698.86
Total Other Assets	$ 4,010,793.23	$ 4,574,447.44
GOODWILL	$ 1.00	$ 1.00
Total	$342,285,066.49	$325,029,898.57

The statement includes net current assets of the Canadian subsidiary as follows: 1948—$10,701,913.02; 1947—$10,319,925.62 and other net assets of that subsidiary as follows: 1948—$14,982,501.60; 1947—$12,861,570.33.

LIABILITIES AND CAPITAL

Current Liabilities	*1948*	*1947*
Accounts Payable and Accruals	$ 21,939,412.77	$ 22,304,744.05
Accounts Payable—Merchandise in Transit	2,867,181.03	5,324,073.68
Mortgage Payments	129,479.95	481,358.51
Reserve for U. S. A. and Canadian Taxes	26,637,028.85	26,682,689.26
Total Current Liabilities	$ 51,573,102.60	$ 54,792,865.50
Purchase Money Mortgages	$ 5,122,425.71	$ 4,549,879.58
Reserves		
For Employees' Sick Benefits	$ 300,000.00	$ 300,000.00
For Self-insurance to Cover Fire and Flood Damage Risk on Contents of Stores in U. S. A.	665,612.56	—
Total Reserves	$ 965,612.56	$ 300,000.00
Capital Stock—Par value $10 per share		
Authorized 20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued 10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,393 shares are held by the Company) 9,750,000 Shs.	$ 97,500,000.00	$ 97,500,000.00
Earned Surplus		
Balance, January 1st	$169,534,185.19	$152,079,789.07
Add: Net Income for Year	43,495,789.63	41,913,414.62
	$213,029,974.82	$193,993,203.69
Deduct:		
Dividends declared and paid (1948 and 1947—$2.50 a share)	$ 24,259,017.50	$ 24,259,018.50
Transferred to reserve for employees' sick benefits	—	200,000.00
Book value of 46,393 shares of Treasury Stock, less $901,633.79 previously charged to Surplus	1,647,031.70	1,647,031.70
Total Deductions	$ 25,906,049.20	$ 26,106,050.20
Balance, December 31st	$187,123,925.62	$167,887,153.49
Total	$342,285,066.49	$325,029,898.57

Earned surplus includes undistributed surplus of foreign subsidiaries as follows: 1948—$47,701,356.95; 1947—$45,198,438.28.

AUDITORS' CERTIFICATE

R. G. RANKIN & CO.,
30 Broad Street,
New York 4, N. Y.

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the consolidated balance sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1948 and the related statement of consolidated income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We accepted, after review, the financial statements of the Canadian subsidiary as certified by independent auditors and converted the assets and liabilities reported therein into U. S. dollars at par exchange with the exception of the value of land and buildings which was converted at the prevailing rate of exchange during the year acquired.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income present fairly the financial condition of F. W. Woolworth Co. and its Canadian subsidiary at December 31, 1948, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 25, 1949

year. A dividend of two shillings nine pence has been declared on the Ordinary (common) shares payable March 1, 1949, making a total disbursement of three shillings six pence per share out of 1948 earnings, which is the same amount paid for the preceding year. The final surplus carried forward by the British Company, after deducting the March, 1949 dividend, was £8,302,032 as compared with £8,117,545 a year ago.

Your Company owns a majority stock interest of 52.7% of the Ordinary (common) shares of the British Company, on which dividends of $6,128,712.80 were received in cash during the year. This investment is carried on the Balance Sheet at a book value of $30,879,630.14; however, the market value based on the closing stock quotation on the London Stock Exchange as of December 31, 1948, converted into U. S. dollars at the official rate of $4.02½ per pound, was $264,086,287.50.

F. W. WOOLWORTH CO., G.M.B.H., GERMANY

During the year 1948, continued progress has been made on the rehabilitation of the German properties, though of necessity, this has been slow due to the political situation in Germany. While the number of stores open at the present time, 44, remains the same as it was at the end of 1947, eight stores have been moved from rather primitive, temporary quarters into remodeled permanent locations. The cost of rehabilitation is being accomplished entirely with funds of the German Company. As shown in the Balance Sheet your Company's total investment in the German Company continues to be carried at one dollar.

The sales of the German Company show a continued increase and if and when the political situation is cleared up, the German Company should make rapid progress towards complete restoration. We are fortunate in having a loyal and efficient organization working for the Company's interests in Germany.

NUMBER OF STORES

At the close of the year, there were 1944 stores in operation, consisting of 1789 in the United States, 8 in Cuba and 147 in

COMPARATIVE RECORD

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"
1946	1958	552,369,440	4.12	2.10	"
1947	1945	593,359,194	4.32	2.50	9,703,607
1948	1944	623,941,562	4.48	2.50	"

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

Canada. 11 new stores were opened and 12 stores were closed during the year. Certain stores were closed, in most instances, as leases expired, for the reasons that either the stores were inadequate in size, locations had deteriorated, leases could not be renewed on favorable terms, or that other stores of the Company in the immediate vicinity were or will be improved to take care of the available business.

MERCHANDISE AND SALES

The following photographs of actual displays of merchandise in one of our stores demonstrates a few of the many new and attractive items now available in most Woolworths. The merchandising activities of the Company are wide-spread. Every effort is made to keep abreast of the times through the use of new materials and products in order to improve merchandise and develop new items and lines that will meet with satisfactory customer acceptance. Consequently, there is a continuous flow of high-quality staple, style and novelty merchandise available to Woolworth customers. This not only applies to everyday needs but is especially evident during the various seasonal and holiday periods.

Woolworth suppliers and buyers are ever alert to market conditions and the Company will continue to pass on to customers the benefits of any lower prices that may be made available. This has always been a Company policy.

The Management is optimistic regarding sales during 1949. The Company is in a position to supply its patrons from a most complete assortment of high-quality merchandise at prices within easy reach of the buying public.

Woolworth merchandise lines were expanded in 1948 to include many new items as well as larger assortments of regular, high quality staple, style, and novelty merchandise. Shown on the following pages are actual displays of merchandise photographed at Woolworth's newest store at Broad and Market Streets in Newark, New Jersey.

TOQUES & MITTENS (Above) A l
assortment of plain and colorful woolly w
winter accessories is available at W
worth's for boys, girls, men and wo

OILCLOTH & ACCESSORIES (Below)
to-date patterns of table coverings, shelv
and edgings of oilcloth and plastic mat
are available at most Woolworth's.

MPS AND SHADES (Above) for all
ctical and decorative purposes, similar in
gn, color, and beauty to high priced orig-
s, are sold at Woolworth's low prices.

LD PATTERN DINNERWARE (Below)
many other attractive patterns for the dis-
inating hostess are available in individual
es or complete sets.

WOOLWORTH'S

LANTS & PLANTERS (Left) ealthy, green, growing plants id artistically designed novelty lanters, in a profusion of types, e on sale at Woolworth plant epartments.

UGGAGE (Below left) Wool- orth's luggage has satisfied ousands of customers because f its modern design, sturdy con- ruction, and fine appearance. rices are as attractive as the uggage.

OLLS (Right) Big dolls, lit- e dolls, sleeping beauties, cry- ng baby dolls, dolls with real air, all types of dolls to win the earts of little girls, are available t Woolworth low prices.

OOLS (Below) Home mechan- cs can secure useful, durable ols for every need at Wool- orth's hardware departments.

STORE EXPANSION AND IMPROVEMENT PROGRAM

In 1948 seventy-four major projects were completed by the Company: 11 new stores were opened in carefully selected localities; 26 stores were moved to new locations and reopened in larger and improved quarters; 36 stores were enlarged and improved in the same locations. A considerable amount of renovation and repairs to other stores was also accomplished. In order to service West Coast stores properly, the San Francisco Warehouse was moved to a larger building with a railroad siding and equipped with modern elevators, conveyors, and adequate storage facilities for efficient operation.

In November ground was broken for a new warehouse in Chicago. This building will have approximately 350,000 square feet of space and will service stores located in the middle West, the Southwest, and the western part of the country. The use of this warehouse as a distribution and consolidation point will permit considerable saving in transportation costs.

All improvements and construction of stores have been considered and undertaken on the basis of potential sales and growth of the areas. These stores have been equipped with counters, display and service equipment appropriate to the size store and to the locality.

On the basis of commitments, many of which have been made during the past several years, the 1949 schedule is well under way with 51 projects actually under construction. In addition a substantial number will be started during 1949 and completed either during the year or later according to plan.

ABY CLOTHES (Above) to dress babies from head to toe, it's Woolorth's for quality, well-styled, durable infants' wearing apparel. Comete layettes or individual items available at moderate prices.

EEDLEWORK SUPPLIES (Below) Each day more and more women e learning about Woolworth's pleasing variety of colorful yarns, crochet ttons, tatting threads, and other needlework accessories.

STORE ORGANIZATION

Your management is ever mindful and appreciative of the very important functions performed by the store organization, and realizes that the Company can be successful only to the degree that the members of the store organization work in harmony to effect superior service to the buying public.

Each Woolworth store is headed by a manager whose training, prior to his appointment, includes several years of experience under other managers in actually doing or supervising the various details pertaining to store management. During his apprenticeship, he is trained to maintain a high standard of employee-relations with his staff. As manager, he is expected to join representative local retail organizations and generally to interest himself in the business and social activities of his community. He orders practically all of the merchandise that comes to his store and he shares in the profits of the store.

With the expansion of merchandise lines and the broadening of the price structure, as typified in our newest large store in Newark, N. J., it logically follows that the store staff has a greater responsibility in the proper presentation of merchandise to the customer than seemed necessary when our price limits were much lower. These conditions, in turn, present a greater opportunity, especially to capable women of the staff, to advance to positions that were largely non-existent in the smaller, less complex stores. Typical of these newer positions are those of Personnel Supervisor, Merchandisers, and Display Specialists.

For many years Woolworth's has made available well appointed quarters for the relaxation of the staff during rest periods, and in the large stores cafeterias are provided for the exclusive use of the store personnel.

All Woolworth stores have comfortable restrooms for the exclusive use of employees ing rest periods. The photograph at the top right shows a section of the employees room in the new Newark, N. J. store at the time it opened for business in November, 1

Shown at the right is a section of one of the food units in the new Woolworth s at Broad and Market streets in Newark, N. J. The equipment is constructed of st less steel and is modern in every respect. Similar units are in stores located in m parts of the United States, Canada and Cuba. Good food, reasonable prices and q service are basic principles of our food unit operation.

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ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1949

HOUSTON, TEXAS

F. W. WOOLWORTH CO.

Officers

CHARLES W. DEYO
Chairman, Board of Directors

ALFRED L. CORNWELL
President

HERBERT J. COOK
Vice-President

IVAN W. KEFFER
Executive Vice-President & Treasurer

JAMES T. LEFTWICH
Secretary, Comptroller & Ass't Treasurer

E. CLARK MAUCHLY
Vice-President

HARRY E. WILSON
Ass't Secretary & Ass't Treasurer

GEORGE F. TERPENNING
Vice-President

C. HOWARD LOVELL
Ass't Secretary & Ass't Treasurer

FLOYD R. COLE
Vice-President

TROUSDALE BROWN
Ass't Secretary

Directors

ALFRED L. CORNWELL . . . . . *Officer and Member of Executive Committee*
FLOYD R. COLE . . . . . *Officer and Member of Executive Committee*
HERBERT J. COOK . . . . . *Officer*
CHARLES W. DEYO . . . . . *Officer and Member of Executive Committee*
ALEXANDER R. GALLENKAMP . . . . . *Manager, Minneapolis District*
LEWIS H. GAUSE . . . . . *Manager, Cleveland District*
SAMUEL H. HUBER . . . . . *Manager, Philadelphia District*
IVAN W. KEFFER . . . . . *Officer and Member of Executive Committee*
ALLAN P. KIRBY . . . . . *President of Alleghany Corporation*
SEYMOUR H. KNOX . *Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
JAMES T. LEFTWICH . . . . . *Officer*
E. CLARK MAUCHLY . . . . . *Officer and Member of Executive Committee*
BYRON D. MILLER . . . . . *Member of Executive Committee*
JAMES J. NICHOLSON . . . . . *Manager, Atlanta District*
CARSON C. PECK . . . . . *Personnel and Member of Executive Committee*
FREMONT C. PECK . . . . . *New York, N. Y.*
MARTIN A. SCHENCK . . *Attorney, Member of Firm, Davies, Hardy, Schenck & Soons*
WILLIAM L. STEPHENSON . *Former Chairman, F. W. Woolworth & Co., Ltd., England*
GEORGE F. TERPENNING . . . . *Officer and Member of Executive Committee*
HARRY E. WARD . . . *Honorary Chairman of Board, Irving Trust Company, N. Y.*
FREDERICK J. WECKESSER . . . . . *Wilkes-Barre, Pa.*
RICHARD W. WOOLWORTH . . . . . *Salem Center, N. Y.*

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Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York 15, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York 15, N.Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1949

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK 7, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

The next annual meeting of the stockholders will be held on Wednesday, May 17, 1950. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 22, 1950, at which time proxies will be requested by the Management.

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UNIVERSITY OF ILLINOIS

F. W. WOOLWORTH CO.

EXECUTIVE OFFICE
WOOLWORTH BUILDING
NEW YORK 7, N. Y.

January 25, 1950

To Our Stockholders:

A REPORT covering the operations of your Company for the year 1949 is herewith submitted. For your convenience it has been simplified as much as possible by illustrating, through the medium of charts and graphs, the more important factors relating to the business.

The sales for the year amounted to $615,649,544.15, being a decrease of $8,292,018.09, or 1.33%, compared with the previous year, which were the highest in our history. A considerable portion of the dollar decrease is accounted for by reductions in unit selling prices, as in many lines a far greater number of individual items were sold in 1949 than in the prior year. A decline in sales volume was general throughout the retail merchandising field during 1949, and with this Company, was fairly constant all year, running from 1.54% on March 1st to 2.34% on December 1st. The December business, however, was the largest in the Company's history, with the result that the sales for the month exceeded those for 1948 by 3.61%.

The Net Income for the year was $37,161,017.36, or equal to $3.83 per share, after deducting depreciation, amortization and provision for government taxes. The earnings for the year 1948 were $43,495,789.63, or $4.48 per share. The decline in earnings is the result of a lower sales volume, and while the expenses have been held to a minimum consistent with the lower volume, the cost of doing business continues at a very high level.

Dividends have been paid during the year in the aggregate amount of $24,259,017.50, being $2.50 per share, consisting of four quarterly payments of $.50 each and an extra dividend of $.50 per share paid on March 1, 1949. The Board of Directors, at the meeting of January 11, 1950, declared the regular quarterly

dividend of $.50 per share, also an extra dividend of $.50 per share, both payable on March 1, 1950.

Due to our extensive expansion program of enlarging and improving stores, which was started before the war and continued over the past few years, our cash has been considerably reduced. All of these expenditures have been made from surplus earnings, as your Company has no long-term indebtedness, except mortgages on owned real estate. This program has not as yet been completed, and a further large expenditure will be required during the year 1950, but not as much as was paid out in 1949. There is no large commitment for any one year beyond 1950.

It is with regret that we report the death on May 30, 1949, of Mr. Harry William Frank, a Director of this Company and Manager of the Manhattan District at the time of his death. Mr. Frank served the Company well in the various positions he held since he started as a young man in 1914.

It is very gratifying to have so great a number of loyal and faithful employees in its organization, and the Management wishes to use this opportunity to express its sincere appreciation to those employees for their part in the conduct of the business for the year just ended.

We also desire to thank all of our suppliers for the very fine job they have done in cooperating with our buyers in the development of the excellent line of merchandise made available to our customers.

The year 1950 will present unusual problems to management, but we are prepared to secure our share of the business. Our stores are well stocked with merchandise to please our customers, and at the right prices. We are also well equipped to serve our customers in comfort in the many enlarged and improved stores.

We are always glad to hear from any stockholder who has any comments to make, or who wishes to inquire regarding the affairs of the Company.

In behalf of the Board of Directors,

Respectfully submitted,

CHAIRMAN OF THE BOARD

PRESIDENT

The Woolworth Record

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"
1946	1958	552,369,440	4.12	2.10	"
1947	1945	593,359,194	4.32	2.50	9,703,607
1948	1944	623,941,562	4.48	2.50	"
1949	1938	615,649,544	3.83	2.50	"

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

CONSOLIDATED ANNUAL REPORT

for the year 1949

THE INFORMATION contained in this report discloses the results from the operations of F. W. Woolworth Co. for its Seventieth Year. The 100%-owned Canadian subsidiary is consolidated, and the entire operations in the United States, Canada and Cuba are carried on by these two companies. The financial statements included in the report reflect the investment in and the income received from the British affiliate, F. W. Woolworth & Co., Limited, of which this Company owns 52.7% of the outstanding ordinary shares.

SALES

Sales for the year in stores operated in the United States, Canada and Cuba amounted to $615,649,544.15, a decrease of $8,292,-018.09, or 1.33%, compared with the previous year. Sales for the month of December were again the largest in the Company's history, an increase of 3.61% compared with December, 1948.

OTHER INCOME

The income from real estate, dividends received from F. W. Woolworth & Co., Limited, England, and miscellaneous income amounted to $7,740,224.28. Information relating to the British Company is given on page 10 of this report.

EXPENSES

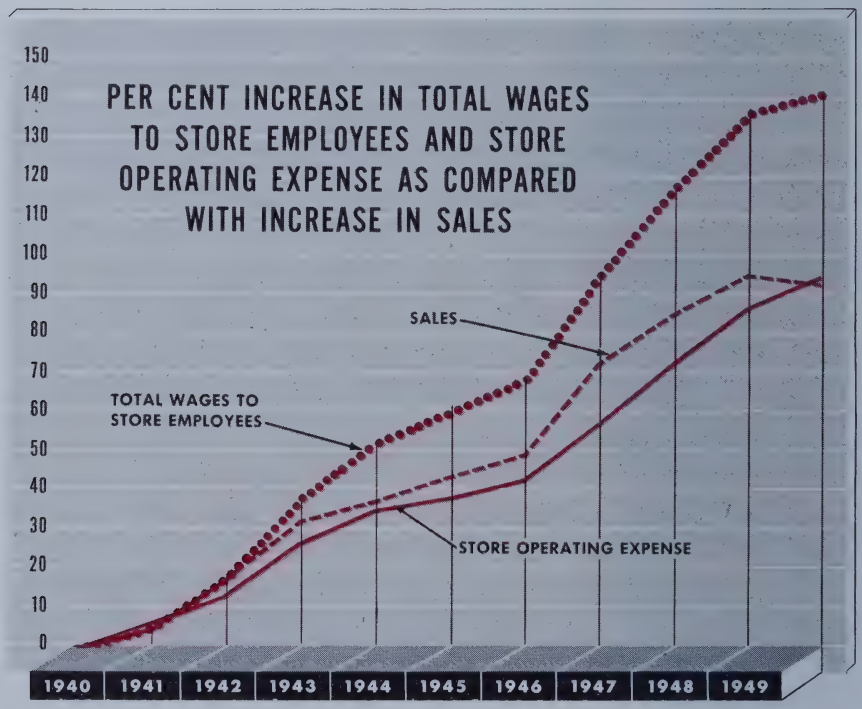
The item appearing in the Income Account of $558,590,731.59 includes, in addition to the cost of sales, many classifications of expenses, such as salaries and wages, rent, light, heat, repairs, wrapping materials and other store supplies. Wages is the largest

expense item and continues to show a greater increase than any other expense classification.

In addition to these expenses, provisions must be made to cover depreciation on fixtures and buildings owned by the Company, also to amortize the expenditures representing the cost of buildings on leased premises and alterations and store organization expenses. These charges against income for the year amounted to $8,803,820.69.

NET INCOME

Net Income for the year amounted to $37,161,017.36, equal to $3.83 per share, after provision for $8,803,820.69 for depreciation and amortization and $18,600,000.00 for government taxes. Net income for the previous year was $43,495,789.63, or $4.48 per share.



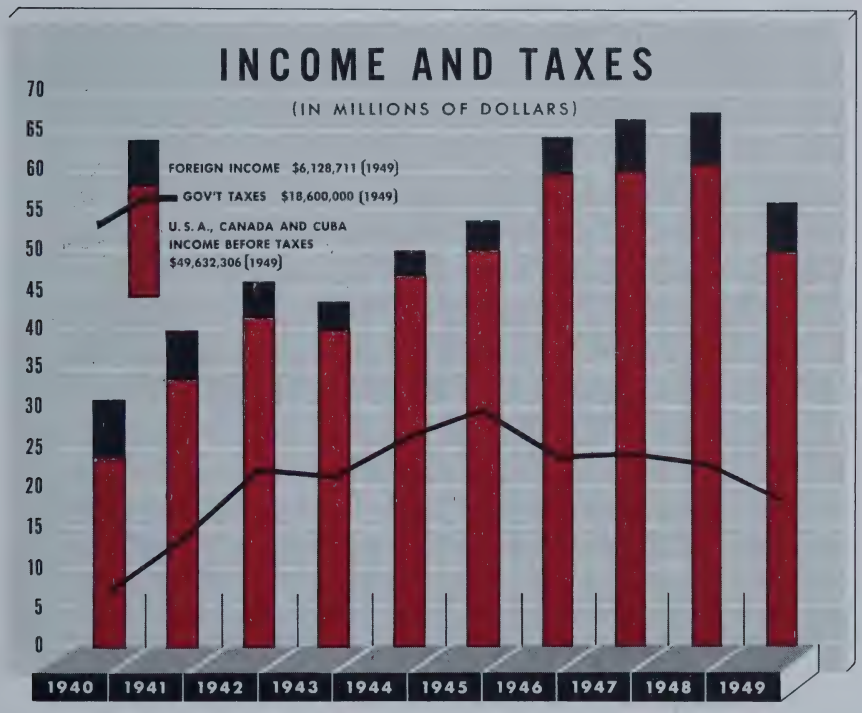
The graph appearing on this page shows comparison of all sources of income for the past ten years before provision for government taxes.

DIVIDENDS

Dividends for the year amounted in the aggregate to $24,259,-017.50, being $2.50 per share on the 9,703,607 shares of capital stock outstanding, exclusive of 46,393 shares held in the treasury of the Company. The dividends consisted of four quarterly payments of 50 cents per share and an extra dividend of 50 cents per share, paid March 1, 1949. A history of dividend disbursements is shown on page 4 of this report.

TAXES

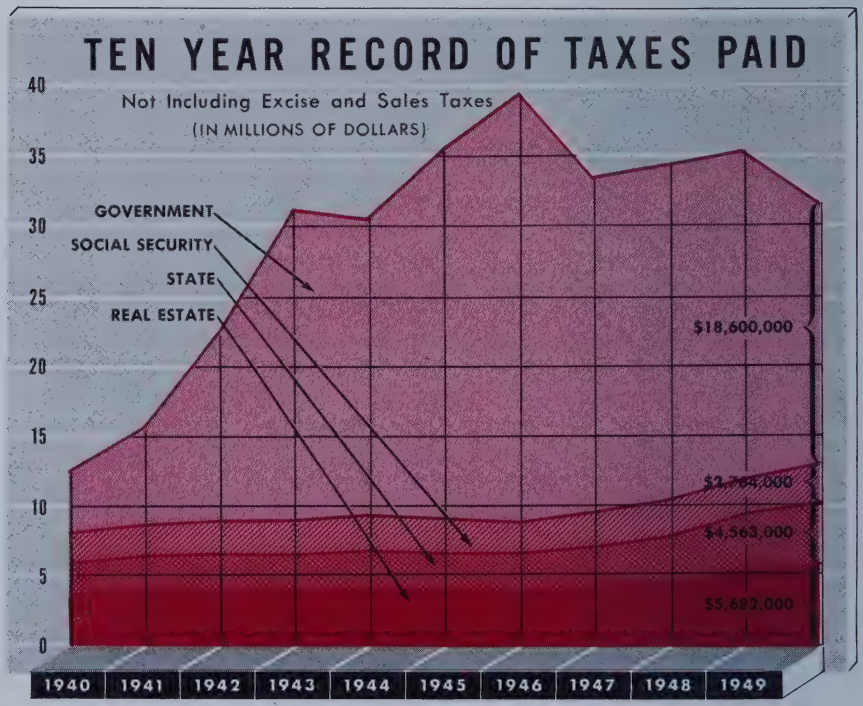
The total amount of taxes paid or accrued for the year, namely $31,611,142.47, equivalent to $3.26 per share, is less than the

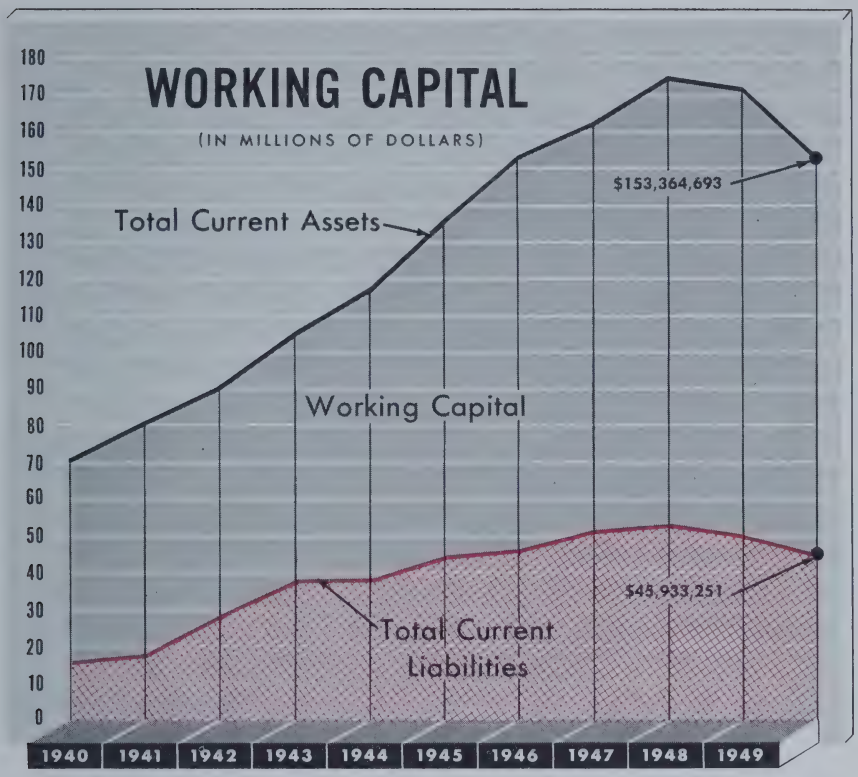


previous year, due entirely to lower earnings. The total includes government taxes accrued in the amount of $18,600,000.00, local real estate taxes $5,682,766.26, state and municipal taxes $4,563,640.59, and social security and unemployment insurance payments of $2,764,735.62. Your Company collected sales and excise taxes from its customers in the amount of $12,486,802.20 for federal, state and city governmental agencies. A ten-year record of taxes paid by the Company is shown in the graph below.

FINANCIAL CONDITION

Your Company continues to be in a strong financial condition, with current assets better than three to one to current liabilities. The working capital of the Company is less than it was at the end of the previous year, due to a reduction in the amount of cash and government bonds. The net cash expenditures made during the year for fixed assets such as real estate, fixtures, equip-





ment, leaseholds and alterations amounting to $33,273,363.00 exceeded the aggregate of depreciation, amortization and surplus earnings after dividends. Inasmuch as the expenditures for such items in 1950 will amount to approximately $23,000,000.00, and which is within the amount available for such purposes, no further sizeable reduction in working capital is contemplated. The amount of cash on hand at the end of the year is considered to be ample for the normal operations of the business.

MERCHANDISE INVESTMENT

The merchandise investment in stores and warehouses as of December 31, 1949, amounted to $87,511,562.43 as compared with $81,816,383.09 at the end of the year 1948.

This increase in investment is primarily due to the fact that 84 stores were extensively enlarged and 17 completely new stores were added, requiring a substantial investment in stock. Stocking the new warehouse in Chicago added a considerable amount to this figure. As a matter of fact several stores which were either enlarged or opened new this year are the largest now in operation in the company. The assortment of merchandise generally carried is the largest in the history of the Company. The investment is in keeping with anticipated sales, and the stores are in a position at this time to start the year 1950 well supplied with good quality merchandise.

The merchandise investment is such that the Company is in a position to take advantage of new merchandise as it is developed.

AUDITORS' CERTIFICATE

The records for the past year were audited by R. G. Rankin & Co., Certified Public Accountants. The auditors' certificate, directed to the stockholders, appears on page 14. The Board of Directors has authorized the continuance of the services of this firm to audit the records for the year 1950.

F. W. WOOLWORTH & CO., LIMITED, ENGLAND

The Net Income of the British Company for the year amounted to £5,020,060 after providing £5,802,247 for governmental taxes. Earnings of this Company for the preceding year were £4,487,247.

On November 11, 1949 the British Company declared a stock dividend of 100% on the 30,000,000 outstanding ordinary shares, par value five shillings each, by transferring £7,500,000 from Surplus to Capital. A dividend of one shilling four and one-half pence per share has been declared on the 60,000,000 ordinary shares, payable March 1, 1950. The total dividends paid out of earnings for the year 1949 were in the same aggregate amount as paid in the previous year. The balance of Surplus carried forward by the British Company after deducting the March 1, 1950 dividend, and taking into account the transfer of Surplus to Capital

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1949 and 1948

	1949	*1948*
Sales—United States, Canada and Cuba	$615,649,544.15	$623,941,562.24
Less: Cost of Sales and Expenses (Cost of sales computed on first-in, first-out basis)	558,590,731.59	556,701,039.54
Net Profit from Operations	$ 57,058,812.56	$ 67,240,522.70
Add—Other Income		
Income from Real Estate	$ 1,370,787.79	$ 1,253,346.15
Dividends—F. W. Woolworth & Co., Ltd., England	6,128,711.49	6,128,712.80
Interest and Miscellaneous	240,725.00	185,589.87
Total	$ 7,740,224.28	$ 7,567,648.82
Balance	$ 64,799,036.84	$ 74,808,171.52
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 3,864,811.84	$ 3,379,284.14
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	4,939,008.85	4,660,866.53
Interest	17,176.41	11,596.89
Foreign Exchange Loss	217,022.38	10,634.33
Total	$ 9,038,019.48	$ 8,062,381.89
Net Income before U.S.A. and Canadian Taxes	$ 55,761,017.36	$ 66,745,789.63
Deduct		
Provision for Income Taxes	18,600,000.00	23,250,000.00
Net Income—transferred to Surplus	$ 37,161,017.36	$ 43,495,789.63

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars as follows: 1949—$2,172,002.84 at 90.4978; 1948—$2,502,918.67 at par.

ASSETS

Current Assets	*1949*	*1948*
Cash	$ 56,044,763.49	$ 68,611,132.10
Government Bonds and Savings Notes	3,732,393.37	13,825,467.00
Receivables	2,726,348.97	3,084,620.14
Merchandise Inventories—Valued at cost	87,511,562.43	81,816,383.09
Merchandise in Transit—at cost	3,349,625.64	2,867,181.03
Total Current Assets	$153,364,693.90	$170,204,783.36
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England—stated substantially below market value in England converted at current exchange	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	27,497.63	29,923.80
Other Securities—Cost, less reserve	91,375.80	91,375.80
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 30,998,504.57	$ 31,000,930.74
Fixed Assets—at cost		
Real Estate and Buildings	$ 51,559,244.97	$ 48,150,548.87
Less: Reserve for Depreciation of Buildings	7,714,469.85	7,248,370.33
	$ 43,844,775.12	$ 40,902,178.54
Furniture and Fixtures	$ 67,302,244.48	$ 59,709,268.84
Less: Reserve for Depreciation	21,956,314.15	20,971,513.78
	$ 45,345,930.33	$ 38,737,755.06
Equipment, less Amortization	$ 4,024,913.29	$ 2,645,762.56
Total Fixed Assets	$ 93,215,618.74	$ 82,285,696.16
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 28,841,076.66	$ 18,815,915.34
Alterations to Leased and Owned Buildings and Store Organization Expenses	48,264,248.06	40,627,813.19
	$ 77,105,324.72	$ 59,443,728.53
Less: Amortization for Year	4,939,008.85	4,660,866.53
Balance	$ 72,166,315.87	$ 54,782,862.00
Other Assets		
Store and Office Supplies—Valued at cost	$ 2,383,692.22	$ 2,406,288.84
Prepaid Expenses	1,427,274.03	652,726.38
Postwar Credit on Canadian Excess Profits Taxes	551,163.66	951,778.01
Total Other Assets	$ 4,362,129.91	$ 4,010,793.23
Goodwill	1.00	1.00
Total	$354,107,263.99	$342,285,066.49

This statement includes net current assets of the Canadian subsidiary as follows: 1949—$8,764,441.92; 1948—$10,701,913.02 and other net assets of that subsidiary as follows: 1949—$18,171,715.81; 1948—$14,982,501.60.

RTH CO.

SIDIARY

at December 31, 1949 and 1948

LIABILITIES AND CAPITAL

Current Liabilities	*1949*	*1948*
Accounts Payable and Accruals	$ 19,669,072.06	$ 21,939,412.77
Accounts Payable—Merchandise in Transit	3,349,625.64	2,867,181.03
Mortgage Payments	583,871.53	129,479.95
Reserve for U. S. A. and Canadian Taxes	22,330,682.24	26,637,028.85
Total Current Liabilities	$ 45,933,251.47	$ 51,573,102.60
Purchase Money Mortgages	$ 9,903,562.26	$ 5,122,425.71
Reserves		
For Employees' Sick Benefits	$ 300,000.00	$ 300,000.00
For Self-insurance to Cover Fire and Flood Damage Risk on Contents of Stores in U. S. A.	1,158,396.46	665,612.56
Total Reserves	$ 1,458,396.46	$ 965,612.56
Capital Stock—Par Value $10 per share		
Authorized	20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued	10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,393 shares are held by the Company)	9,750,000 Shs.	$97,500,000.00	$97,500,000.00
Earned Surplus		
Balance, January 1st	$188,770,957.32	$169,534,185.19
Add: Net Income for Year	37,161,017.36	43,495,789.63
	$225,931,974.68	$213,029,974.82
Deduct:		
Dividends declared and paid (1949 and 1948—$2.50 a share)	$ 24,259,017.50	$ 24,259,017.50
Exchange adjustment from conversion of net current assets of the Canadian subsidiary into U. S. dollars	713,871.68	—
	$ 24,972,889.18	$ 24,259,017.50
Balance, December 31st, before deducting Treasury Stock	$200,959,085.50	$188,770,957.32
Deduct: Book value of 46,393 shares of Treasury Stock, less $901,633.79 previously charged to Surplus	1,647,031.70	1,647,031.70
Balance, December 31st	$199,312,053.80	$187,123,925.62
Total	$354,107,263.99	$342,285,066.49

Earned surplus includes undistributed surplus of foreign subsidiaries as follows: 1949—$48,953,100.06; 1948—$47,701,356.95.

AUDITORS' CERTIFICATE

R. G. RANKIN & CO.
30 Broad Street
New York 4, N, Y.

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the consolidated balance sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1949 and the related statement of consolidated income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We accepted, after review, the financial statements of the Canadian subsidiary as certified by independent auditors. The value of net current assets reported therein was converted into U. S. dollars at the official rate of exchange, while the value of land and buildings was converted at the prevailing rate of exchange during the year such assets were acquired.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income present fairly the financial condition of F. W. Woolworth Co. and its Canadian subsidiary at December 31, 1949, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 25, 1950

to provide for the increase in the number of ordinary shares, amounted to £1,286,073.

A majority stock interest of 52.7% of the British Company is owned by your Company, and cash dividends from this investment in the amount of $6,128,711.49 were received during the year.

The reported value of the investment in ordinary shares of the British Company which has remained unchanged since 1942 at $30,879,630.14 was not adjusted for the de-valuation of the pound, inasmuch as the market value of this stock based on the closing quotation on the London Stock Exchange as of December 31, 1949, converted into U. S. dollars at the new official rate of $2.80 per pound, was $194,779,200.00.

F. W. WOOLWORTH CO., G.M.B.H., GERMANY

There were 44 stores in operation in Germany at the end of the year, the same as in 1948. Substantial advancement has been made in the improvement of stores. A total of 24 stores has been enlarged and improved during 1949, accounting for an additional 4700 lineal feet of counter selling space. Three stores which were in unsuitable temporary quarters were closed during the year, and three fully restored stores were opened. The German Company has also a large program of rehabilitation of stores for 1950. The entire cost of restoration work is being paid with funds of the German Company. Our total investment in the F. W. Woolworth Co. G.m.b. H. continues to be carried on the balance sheet at $1.

The German organization has made outstandingly good progress since the end of the war. Sales continue to increase, and we can be justifiably optimistic concerning its future.

NUMBER OF STORES

There were 1938 stores in operation at the close of the year: 1782 in the United States, 148 in Canada, and 8 in Cuba. This included 17 new stores opened. During the year 23 stores were closed. It was deemed advisable to close certain stores, in most instances as

leases expired, either because of inadequate size, shifts in shopping centers, unfavorable lease terms, or because the community can be adequately served by a nearby Woolworth store in which improvements have been completed or are contemplated.

MERCHANDISING CONDITIONS

The merchandising activities of the company are widespread. The Woolworth buyers and suppliers are in constant touch with developments in merchandise, not only in domestic but in foreign markets as well. Many new and improved items of merchandise are being received at the stores daily, and such items must be properly presented in order to obtain good customer acceptance. Therefore, new methods of display have been developed, especially in the larger stores, as can be noted in the photographs on pages 20 to 23 inclusive.

In addition to the New York and San Francisco warehouses, which have been in operation for many years, a new warehouse has just been completed in Chicago. This warehouse will give better and quicker service to the stores in the central and southwestern states. There will also be a considerable saving in transportation costs in the stores serviced by this new warehouse.

The revaluation of merchandise during the year 1949 brought about many reductions in cost and selling prices. As rapidly as reductions are received, they are passed on to customers. This has been and will continue to be a policy of the Company.

STORE EXPANSION AND IMPROVEMENT PROGRAM

The Company's expansion program was continued during the year 1949 with the completion of 102 major projects in the United States and Canada. These included 17 new stores; 33 stores moved to new, more desirable locations; and 51 stores enlarged and improved in the same locations. In addition, a new warehouse was constructed in Chicago.

The total capital expenditure necessary to make these improvements and equip these stores was approximately $33,000,000. Sales and earnings for 1949 do not fully reflect operations of these new or improved units because 57 were opened during the last four months of the year, some stores had to be closed during building work, and others had to function in small, temporary locations. The effect of a full year's operation in these stores will be realized in 1950.

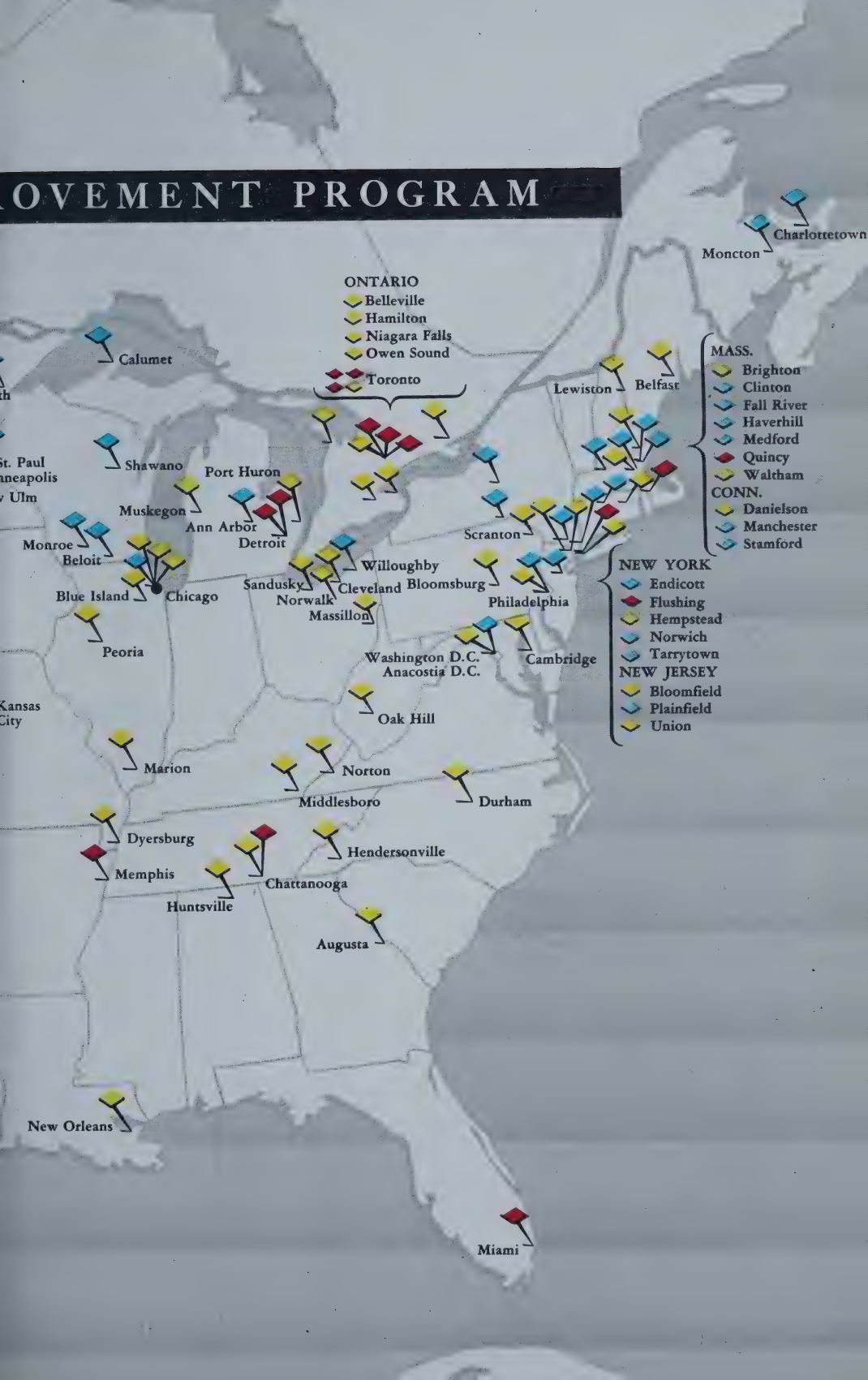
Photographs on the front cover and elsewhere in this report show a few of these stores and some of the merchandise displays in them; the map on pages 18 and 19 shows the locations of all the new and improved stores. These improvements have provided more comfortable and efficient places in which the public can buy Woolworth merchandise. That they are capably serving their communities is evidenced by the satisfactory sales they produced during the period they were in operation.

Plans for the 1950 expansion and improvement program now call for an expenditure of approximately $23,000,000, covering 97 projects. Thirty-five of these were started in 1949, and many will be completed early in 1950.

Generally speaking, 1950 will mark the end of the backlog of projects added to our normal expansion and improvement program because of the restrictions which the government placed upon building and improvements during and after the war. These restrictions were removed on June 30, 1947. In the two and a half years since that date Woolworth has completed 213 building projects, all the expenditures for which were met from Company earnings.

THE FRONT COVER OF THIS REPORT symbolizes Woolworth progress in the seventy years 1879-1949. Contrasted with the first Woolworth's, opened in Lancaster, Pa., in 1879, is the world's largest Woolworth store, opened November 16, 1949, on the busy Main Street of Houston, Texas. Highlighting the 1949 expansion and improvement program, the Houston store is completely air-conditioned, has up and down escalators, and a lunch counter seating 150 people. The color photos of merchandise displays on the pages that follow were taken in this store.

1949 STORE EXPANSION AND
Longview
Vancouver
Logan
Rawlins
Sioux City
Pittsburg
Lodi
Hayward
Palo Alto
Gilroy
Colorado Springs
Salina
Hutchinson
Santa Barbara
Compton
Ontario
San Diego
Odessa
Laredo
Legend
NEW STORES (17)
STORES MOVED TO NEW LOCATIONS (33)
STORES IMPROVED IN SAME LOCATIONS (51)
NEW WAREHOUSE


OVEMENT PROGRAM
Charlottetown
Moncton
ONTARIO
Belleville
Hamilton
Niagara Falls
Owen Sound
Toronto
Calumet
Lewiston
Belfast
MASS.
Brighton
Clinton
Fall River
Haverhill
Medford
Quincy
Waltham
CONN.
Danielson
Manchester
Stamford
Shawano
Port Huron
Muskegon
Ann Arbor
Detroit
Monroe
Beloit
Blue Island
Chicago
Peoria
Willoughby
Sandusky
Cleveland
Norwalk
Massillon
Scranton
Bloomsburg
Philadelphia
NEW YORK
Endicott
Flushing
Hempstead
Norwich
Tarrytown
NEW JERSEY
Bloomfield
Plainfield
Union
Washington D.C.
Anacostia D.C.
Cambridge
Oak Hill
Marion
Norton
Middlesboro
Durham
Dyersburg
Memphis
Hendersonville
Chattanooga
Huntsville
Augusta
New Orleans
Miami

HAMILTON, ONTARIO, CANADA. This new larger store building, with escalators connecting its two floors of display counters and with large food and bakery departments, was opened in August, 1949. It replaces the building destroyed by fire. (Below) Drapery Material Displays such as this are a new feature in many Woolworth stores. Not only yard goods but complete ready-to-hang curtains for any room are sold.

Charming Dolls of every description for children of all ages—a regular Woolworth feature. They range in price from Woolworth's traditionally low-priced items up to $14.95.

LONGVIEW, WASH. A new store, opened in November, 1949,—one of the 17 new stores opened during the year. Modern in construction and design, it has one large sales floor, fluorescent lighting, and terrazzo floors.

An unusually complete display of sporting goods is one of the outstanding features of many of the new and improved Woolworth stores.

PHILADELPHIA, PA. This modern two-floor store, opened in April, 1949, is on historic Chestnut Street, in the heart of downtown Philadelphia.

DULUTH, MINN. Another major improvement in the 1949 store program was this new building at a new location in Duluth. It has two sales floors and is designed to provide maximum convenience for Woolworth customers. (Below) Attractive lamps and shades are on display in most Woolworth stores. From the wide choice offered, the ladies can select lamps to meet their many taste requirements.

PERSONNEL POLICY

Your Management, realizing that the present and future prosperity of your Company depends on its personnel, has constantly pursued with all diligence, the preparation of young men for store management and executive positions.

In view of the many vacancies occurring each year by reason of promotions and retirements, Woolworth training and experience is vital. Accordingly, promotions are made from within our own organization. These advancements are far reaching, commencing in the stockrooms, where young men procure their initial instruction in Woolworth methods and policy. This has been your Company's line of conduct over the years, and the value of this program is evident, because we have available from our own ranks, men with ability, capably trained to fill vacancies as they occur.

There is an ever broadening sphere of opportunities for women in present-day operations, not only in merchandising but in the field of public and employee relations. Here too, training is emphasized, realizing as we do, the especially important part women play in successful operation. Salesladies who show talent warranting promotions, are singled out for advancement to more responsible positions as they become available.

Your Company employs in its offices, warehouses and stores, approximately 85,000 persons. Believing that a happy and enthusiastic group banded together with a single purpose is advantageous to stockholder and employee alike, your Management constantly strives to improve working conditions.

We are proud of the loyal Woolworth men and women who comprise our organization, and grateful for the continued support and patronage given us by stockholders and the general public.

EMPLOYEE CAFETERIAS. Several of our larger stores have convenient cafeterias for the exclusive use of employees where food is served at any time during the working day. The beautiful employee cafeteria shown at the top of the opposite page is in our new and improved store on Chestnut Street in Philadelphia. Adjoining this cafeteria is a most comfortable lounge in which employees can relax during rest periods and lunch hours.

LARGE MODERN FOOD UNITS. The photograph at the right shows a section of the large food service department in our store on Chicago's busy South State Street which reopened November 10, 1949. This food unit, with its modern kitchens and complete bakery, serves 174 persons at a sitting. Similar units are now in operation in many Woolworth stores.

PRINTED IN U.S.A.

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1950

F. W. WOOLWORTH CO.

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

1950

F. W. WOOLWORTH CO.

Officers

CHARLES W. DEYO*
Honorary Chairman, Board of Directors

ALFRED L. CORNWELL
President and Chairman, Board of Directors

IVAN W. KEFFER
Executive Vice-President and Treasurer

GEORGE F. TERPENNING
Vice-President

FLOYD R. COLE
Vice-President

HERBERT J. COOK
Vice-President

CARSON C. PECK
Vice-President

JAMES T. LEFTWICH
Secretary, Comptroller and Ass't Treasurer

HARRY E. WILSON
Ass't Secretary and Ass't Treasurer

C. HOWARD LOVELL
Ass't Secretary and Ass't Treasurer

TROUSDALE BROWN
Ass't Secretary

Directors

RUSSELL D. CAMPBELL . . . . . *Manager, Canadian District*
FLOYD R. COLE . . . . . *Officer and Member of Executive Committee*
HERBERT J. COOK . . . . . *Officer and Member of Executive Committee*
ALFRED L. CORNWELL . . . . . *Officer and Member of Executive Committee*
CHARLES W. DEYO . . . . . *Honorary Chairman of the Board*
ALEXANDER R. GALLENKAMP . . . . . *Manager, Minneapolis District*
LEWIS H. GAUSE . . . . . *Manager, Philadelphia District*
SAMUEL H. HUBER . . . . . *Scranton, Pa.*
IVAN W. KEFFER . . . . . *Officer and Member of Executive Committee*
ALLAN P. KIRBY . . . . . *President of Alleghany Corporation*
SEYMOUR H. KNOX . . *Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
JAMES T. LEFTWICH . . . . . *Officer*
E. CLARK MAUCHLY . . . . . *Member of Executive Committee*
BYRON D. MILLER . . . . . *Portland, Me.*
JAMES J. NICHOLSON . . . . . *Manager, Atlanta District*
CARSON C. PECK . . . . . *Officer and Member of Executive Committee*
FREMONT C. PECK . . . . . *New York, N. Y.*
MARTIN A. SCHENCK . . *Attorney, Member of Firm, Davies, Hardy, Schenck & Soons*
MERRITT E. SEWARD . . . . . *General Supervisor of Restaurant Operations*
WILLIAM L. STEPHENSON *Former Chairman, F. W. Woolworth & Co., Ltd., England*
GEORGE F. TERPENNING . . . . . *Officer and Member of Executive Committee*
HARRY E. WARD . . . *Honorary Chairman of Board, Irving Trust Company, N. Y.*
FREDERICK J. WECKESSER . . . . . *Wilkes-Barre, Pa.*
RICHARD W. WOOLWORTH . . . . . *Salem Center, N. Y.*

Mr. Deyo was appointed Honorary Chairman of the Board upon his retirement as active Chairman, December 31, 1950.

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Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York 15, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York 15, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1950

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK 7, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

The next annual meeting of the stockholders will be held on Wednesday, May 16, 1951. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 20, 1951, at which time proxies will be requested by the Management.

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UNIVERSITY OF ILLINOIS

F. W. WOOLWORTH CO.

OFFICE OF THE PRESIDENT
AND CHAIRMAN OF THE BOARD

WOOLWORTH BUILDING
NEW YORK 7, N. Y.

January 25, 1951

To Our Stockholders:

THE report covering the operations of your Company for the year 1950 is presented herewith, and we are sure you will find it interesting and informative. There are several graphs and charts among its pages which readily disclose the trend of the important elements of the business.

The sales for the year were the largest in the history of the Company, being $632,135,790.11. This is an increase for the year of $16,486,245.96, or 2.68%. Our December sales again exceeded all prior years.

The Net Income, after deducting depreciation, amortization, and provision for Government taxes, was $37,145,132.89, equal to $3.83 per share. This compares with Net Income for the year 1949 of $37,161,017.36, which also was $3.83 per share. The Net Profit from Operations shows an increase of $4,041,920.35 compared with the previous year.

The Company paid dividends during the year in the aggregate amount of $24,259,017.50, being $2.50 per share, consisting of four quarterly payments of 50 cents each and an extra dividend of 50 cents per share, paid on March 1, 1950. The Board of Directors at the meeting on January 10, 1951 declared the regular quarterly dividend of 50 cents per share, also an extra dividend of 50 cents per share, both payable on March 1, 1951 to stockholders of record on February 9, 1951.

Our expansion program of enlarging and improving stores was continued throughout the year, but on a smaller scale than during the year 1949. It was also considered expedient to operate during the early months of 1951 with larger merchandise stocks. This

merchandising policy, together with expenditures of approximately $25,000,000 for new and remodeled stores, has reduced our cash balance, inasmuch as all expenditures have been made from Surplus earnings. The Company has no funded indebtedness.

It is with regret that we advise you of the retirement of Mr. Charles W. Deyo, and his resignation as Chairman of the Board of Directors and Member of the Executive Committee. You will note, however, that he was appointed Honorary Chairman, and will continue as a Director. Mr. Deyo served the Company in various capacities for a period of forty-eight years, and we wish for him many years of good health in his well-deserved retirement.

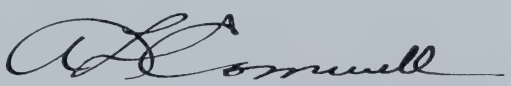
We wish to express our sincere appreciation for the very fine co-operation and loyalty of the many faithful employees, who are such an important part of this business. Only through their continued efforts could the many transactions which occur during the year be consummated with favorable results. It was indeed a pleasure for the Management to award 190 gift watches to those employees who completed 25 years of service during the year 1950. The number of employees having 25 years or more of service with the Company now totals 1,710.

We desire to thank our many suppliers for their cooperation in dealing with our buyers. Many new and improved lines of merchandise have been developed as a result of their alertness.

We also want to thank the many stockholders who have co-operated with us during the year, and we fully appreciate their confidence. We are pleased to hear from any stockholder who desires to write us or call in person at any time, in regard to any subject pertaining to the business.

In behalf of the Board of Directors,

Respectfully submitted,



PRESIDENT AND
CHAIRMAN OF THE BOARD

The Woolworth Record

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"
1946	1958	552,369,440	4.12	2.10	"
1947	1945	593,359,194	4.32	2.50	9,703,607
1948	1944	623,941,562	4.48	2.50	"
1949	1938	615,649,544	3.83	2.50	"
1950	1936	632,135,790	3.83	2.50	"

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

CONSOLIDATED ANNUAL REPORT

for the year 1950

THE RESULTS of the operation of F. W. Woolworth Co. for the year 1950 are presented in this report and it also includes the Canadian subsidiary, which is 100% owned. The entire business in the United States, Canada and Cuba is operated by these companies. In addition, the report shows both the investments in and the dividends received from F. W. Woolworth & Co., Ltd., England, of which this company owns 52.7% of the outstanding ordinary shares.

SALES

Sales for the year in stores operated in the United States, Canada and Cuba, amounting to $632,135,790.11, were the largest in the Company's history, being a gain of $16,486,245.96 or 2.68% over the sales for the year 1949. The sales for the month of December were an all-time high of $111,520,147.09, an increase of 1.94% compared with December, 1949, which was also a record.

OTHER INCOME

This item appearing in the income statement in the amount of $7,351,328.96 consists of real estate income, dividends received from F. W. Woolworth & Co., Ltd., England and miscellaneous income. Information in greater detail pertaining to the British affiliate is given on page 10 of this report. During the year the Company sold several pieces of real estate which were no longer required in the business.

EXPENSES

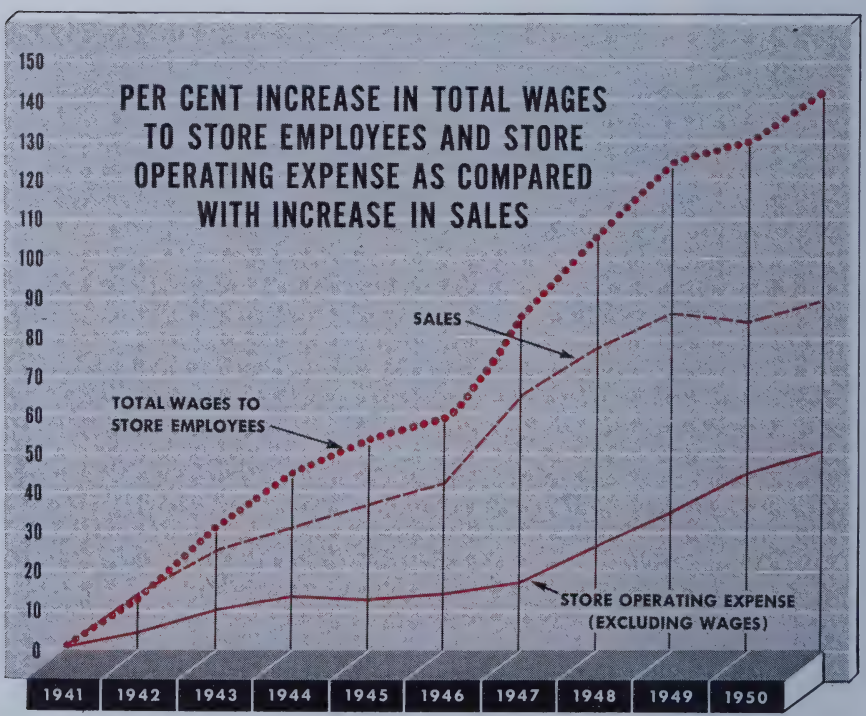
Store operating expenses have been kept well under control during the year and the increase is in line with sales volume.

Wages, the largest expense item, has again shown the greatest amount of increase over the previous year.

The charges against income in addition to store operating expenses amounted to $9,056,928.98 for the year. These items cover depreciation on buildings owned by the Company and fixtures used in the stores, also the annual amortization of the cost of buildings on leased ground and alterations and store organization expenses.

NET INCOME

Net income for the year amounted to $37,145,132.89, equal to $3.83 per share, after provision for $9,266,104.61 for depreciation and amortization and $22,250,000.00 for government taxes. Net income for the previous year was $37,161,017.36, or $3.83 per share. The graph appearing on Page 7 shows comparison of all



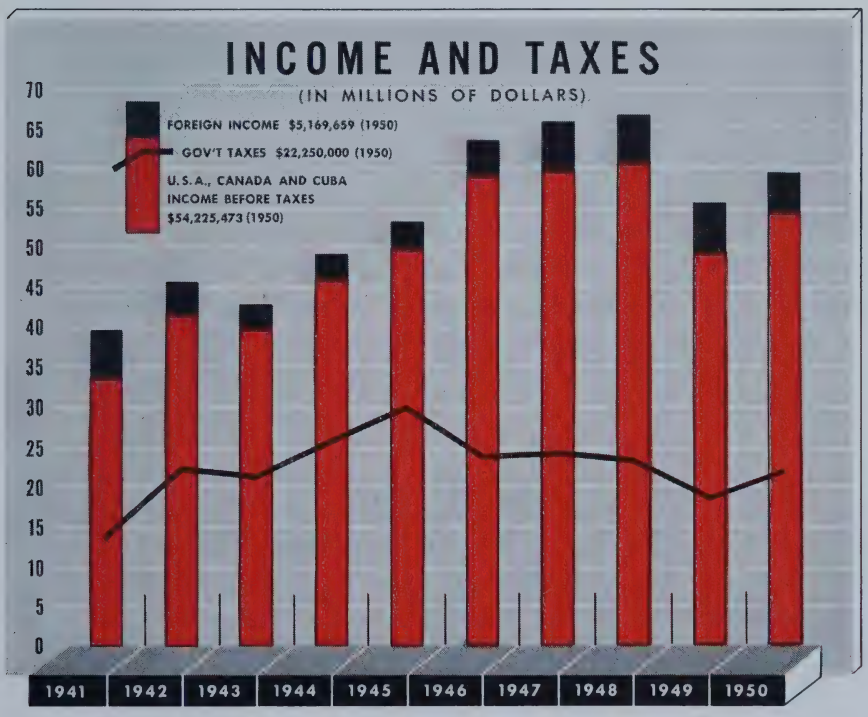
sources of income for the past ten years before provision for government taxes.

DIVIDENDS

Dividends for the year amounted in the aggregate to $24,259,017.50, being $2.50 per share on the 9,703,607 shares of capital stock outstanding, exclusive of 47,393 shares held in the treasury of the Company. The dividends consisted of four quarterly payments of 50 cents per share and an extra dividend of 50 cents per share, paid March 1, 1950. There were 82,125 stockholders at the end of the year. A history of dividend disbursements is shown on Page 4 of this report.

TAXES

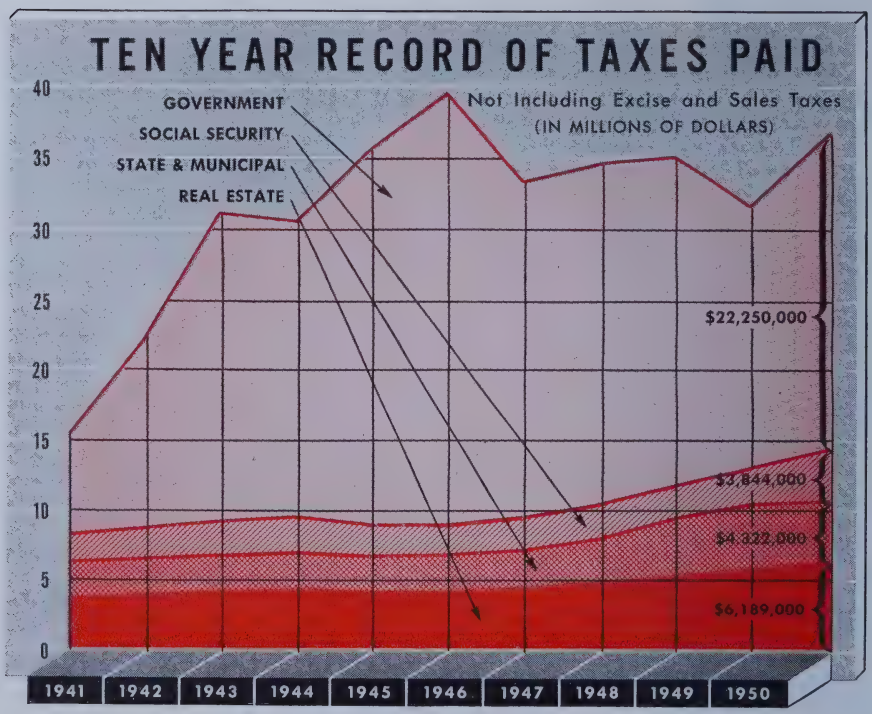
Taxes paid or accrued against income amounted to $36,605,760.20

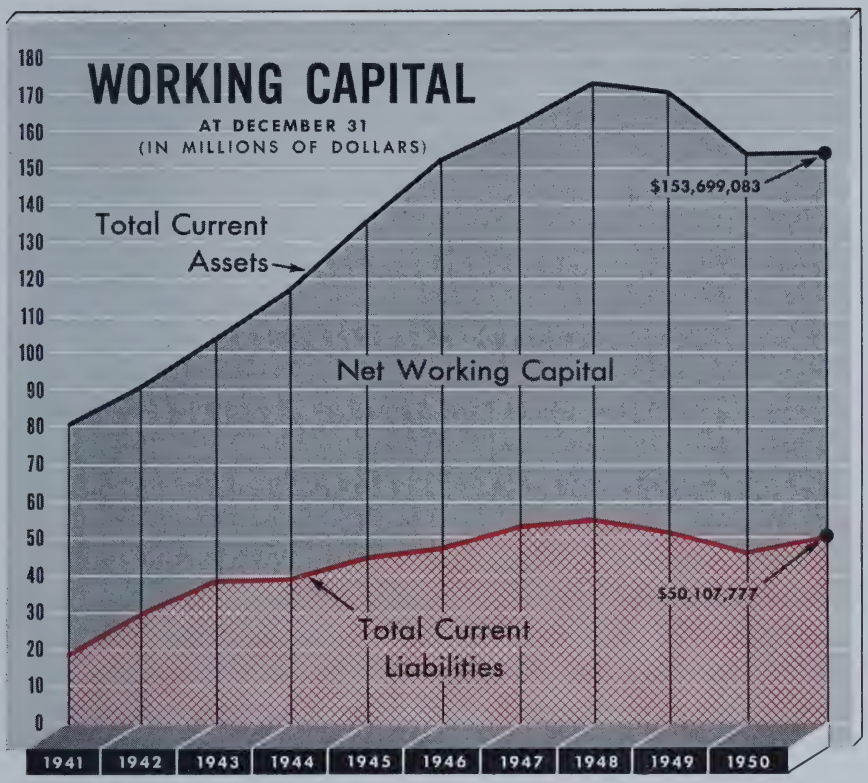


for the year, equal to $3.77 per share. This represents an increase of $4,994,617.73 due principally to higher government tax rates both in the United States and Canada. Government taxes accrued amounted to $22,250,000.00. The Company was not subjected to excess profits taxes for the year 1950. Local real estate taxes were $6,189,033.12, state and municipal taxes $4,322,198.13 and social security and unemployment insurance payments $3,844,528.95. During the year your Company collected sales and excise taxes from its customers in the amount of $13,274,721.97 for federal, state and city governmental agencies. A ten-year record of taxes paid by the Company is shown on the graph below.

FINANCIAL CONDITION

The financial condition of your Company continues to be satisfactory, with current assets better than three to one to current liabilities. The working capital has again been reduced slightly





due to a lower cash balance. The cash expenditures made during the year for fixed assets such as real estate, fixtures, equipment, leaseholds and alterations amounted to $25,784,116.00. It is expected that our expenditures for such items in 1951 will be materially reduced both from a standpoint of our own plans and governmental restrictions.

MERCHANDISE INVESTMENT

The merchandise inventory in stores and warehouses amounted to $105,476,301.21 on December 31, 1950, an increase of $17,964,738.78 over the amount on hand at the end of 1949. In addition to the increased cost of merchandise, the many new items and lines added have contributed to this increased investment. Another

contributing factor was our store expansion and improvement program. While our stock investment is higher than a year ago, it is approximately the amount we planned to have on hand as of December 31st, and is in line with anticipated sales.

AUDITORS' CERTIFICATE

The records for the year 1950 were audited by R. G. Rankin & Co., Certified Public Accountants. The Auditors' certificate, directed to the stockholders, appears on page 14. The Board of Directors has authorized the continuance of the services of this firm to audit the records for the year 1951.

F. W. WOOLWORTH & CO., LIMITED, ENGLAND

The net income of F. W. Woolworth & Co., Limited, England, was £5,355,272 after providing £6,413,138 for governmental taxes. The net earnings of this British affiliate for the year 1949 were £5,020,060. A dividend of one shilling four and one-half pence per share has been declared on the 60,000,000 ordinary shares, payable March 1, 1951, which is the same amount as paid at this time last year. The interim dividend paid on August 15, 1950 on 60,000,000 shares amounted to nine pence per share compared with a like rate per share paid in 1949 on 30,000,000 shares then outstanding. The total dividends paid out of earnings for the year 1950 equal two shillings one and one-half pence, against one shilling nine pence for the year 1949 on a comparable basis. The balance of Surplus carried forward after deducting the March 1, 1951 dividend, amounted to £1,498,848 compared with £1,286,073 at the end of the previous year.

A majority stock interest of 52.7% of the British Company is owned by your Company and cash dividends from this source in the amount of $5,169,659.83 were received during the year.

This investment is carried on the books of this Company at $30,879,630.14 and has a market value, according to the closing

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Comparative Statement of Consolidated Income
For the Years Ended December 31, 1950 and 1949

	1950	*1949*
Sales—United States, Canada and Cuba	$632,135,790.11	$615,649,544.15
Less: Cost of Sales and Expenses (Cost of sales computed on first-in, first-out basis)	571,035,057.20	558,590,731.59
Net Profit from Operations	$ 61,100,732.91	$ 57,058,812.56
Add—Other Income		
Dividends—F. W. Woolworth & Co., Ltd., England	$ 5,169,659.83	$ 6,128,711.49
Income from Real Estate	1,357,814.51	1,370,787.79
Gain on Sales of Real Estate	650,022.52	—
Interest and Miscellaneous	173,832.10	240,725.00
Total	$ 7,351,328.96	$ 7,740,224.28
Balance	$ 68,452,061.87	$ 64,799,036.84
Deductions from Income		
Depreciation of Buildings and Fixtures	$ 4,235,998.28	$ 3,864,811.84
Amortization of Buildings on Leased Ground and of Alterations and Store Organization Expenses	5,030,106.33	4,939,008.85
Interest	46,469.24	17,176.41
Foreign Exchange Loss	(255,644.87)	217,022.38
Total	$ 9,056,928.98	$ 9,038,019.48
Net Income before U.S.A. and Canadian Taxes	$ 59,395,132.89	$ 55,761,017.36
Deduct		
Provision for Income Taxes	$ 22,250,000.00	$ 18,600,000.00
Net Income—transferred to Surplus	$ 37,145,132.89	$ 37,161,017.36

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars as follows: 1950—$2,457,630.54 at 94.5; 1949—$2,172,002.84 at 90.4978.

ASSETS

Current Assets	*1950*	*1949*
Cash	$ 41,302,511.74	$ 56,044,763.49
Government Bonds and Savings Notes	—	3,732,393.37
Receivables	3,510,529.82	2,726,348.97
Merchandise Inventories—Valued at cost	105,476,301.21	87,511,562.43
Merchandise in Transit—At cost	3,409,741.11	3,349,625.64
Total Current Assets	$153,699,083.88	$153,364,693.90
Investments		
Majority Ordinary Shares of F. W. Woolworth & Co., Ltd., England—stated substantially below market value in England converted at current exchange	$ 30,879,630.14	$ 30,879,630.14
Mortgages Receivable	38,574.07	27,497.63
Other Securities	488.23	91,375.80
Majority Interest in F. W. Woolworth Co., G.m.b.H., Germany	1.00	1.00
Total Investments	$ 30,918,693.44	$ 30,998,504.57
Fixed Assets—at cost		
Real Estate and Buildings	$ 59,589,890.48	$ 51,559,244.97
Less: Reserve for Depreciation of Buildings	7,990,443.30	7,714,469.85
	$ 51,599,447.18	$ 43,844,775.12
Furniture and Fixtures	$ 73,096,721.14	$ 67,302,244.48
Less: Reserve for Depreciation	22,952,747.42	21,956,314.15
	$ 50,143,973.72	$ 45,345,930.33
Equipment, less Amortization	$ 5,367,156.51	$ 4,024,913.29
Total Fixed Assets	$107,110,577.41	$ 93,215,618.74
Leaseholds and Alterations—Unamortized cost		
Buildings on Leased Ground	$ 34,065,172.08	$ 28,841,076.66
Alterations to Leased and Owned Buildings and Store Organization Expenses	49,956,946.66	48,264,248.06
	$ 84,022,118.74	$ 77,105,324.72
Less: Amortization for Year	5,030,106.33	4,939,008.85
Balance	$ 78,992,012.41	$ 72,166,315.87
Other Assets		
Store and Office Supplies—Valued at Cost	$ 2,749,242.47	$ 2,383,692.22
Prepaid Expenses	1,082,021.99	1,427,274.03
Postwar Credit on Canadian Excess Profits Taxes	—	551,163.66
Total Other Assets	$ 3,831,264.46	$ 4,362,129.91
Goodwill	1.00	1.00
Total	$374,551,632.60	$354,107,263.99

This statement includes net current assets of the Canadian subsidiary as follows: 1950—$10,350,253.67; 1949—$8,764,441.92 and other net assets of that subsidiary as follows: 1950—$19,365,823.80; 1949—$18,171,715.81.

LIABILITIES AND CAPITAL

Current Liabilities		*1950*	*1949*
Accounts Payable and Accruals		$ 20,597,490.74	$ 19,669,072.06
Accounts Payable—Merchandise in Transit		3,409,741.11	3,349,625.64
Mortgage Payments		285,559.06	583,871.53
Reserve for U.S.A. and Canadian Taxes		25,814,986.24	22,330,682.24
Total Current Liabilities		$ 50,107,777.15	$ 45,933,251.47
Purchase Money Mortgages		$ 12,938,834.61	$ 9,903,562.26
Reserves			
For Employees' Sick Benefits		$ 300,000.00	$ 300,000.00
For Self-insurance to Cover Fire and Flood Damage Risks on Contents of Stores in U.S.A.		1,506,851.65	1,158,396.46
Total Reserves		$ 1,806,851.65	$ 1,458,396.46
Capital Stock—Par Value $10 per share			
Authorized	20,000,000 Shs.	$200,000,000.00	$200,000,000.00
Unissued	10,250,000 Shs.	102,500,000.00	102,500,000.00
Issued (of which 46,393 shares are held by the Company)	9,750,000 Shs.	97,500,000.00	97,500,000.00
Earned Surplus			
Balance, January 1st		$200,959,085.50	188,770,957.32
Add: Net Income for Year		37,145,132.89	37,161,017.36
		$238,104,218.39	$225,931,974.68
Deduct:			
Dividends declared and paid (1950 and 1949—$2.50 a share)		$ 24,259,017.50	24,259,017.50
Exchange adjustment from conversion of net current assets of the Canadian subsidiary into U. S. dollars		—	713,871.68
		$ 24,259,017.50	$ 24,972,889.18
Balance, December 31st, before deducting Treasury Stock		$213,845,200.89	$200,959,085.50
Deduct: Book value of 46,393 shares of Treasury Stock, less $901,633.79 previously charged to Surplus		1,647,031.70	1,647,031.70
Balance, December 31st		$212,198,169.19	$199,312,053.80
Total		$374,551,632.60	$354,107,263.99

Earned surplus includes undistributed surplus of foreign subsidiaries as follows: 1950—$51,733,019.80; 1949—$48,953,100.06.

AUDITORS' CERTIFICATE

R. G. Rankin & Co.
CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the consolidated balance sheet of F. W. Woolworth Co. and its Canadian subsidiary as of December 31, 1950 and the related statement of consolidated income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We accepted, after review, the financial statements of the Canadian subsidiary as certified by independent auditors. The value of net current assets reported therein was converted into U. S. dollars at the official rate of exchange, while the value of land and buildings was converted at the prevailing rate of exchange during the year such assets were acquired.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income present fairly the financial condition of F. W. Woolworth Co. and its Canadian subsidiary at December 31, 1950, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 25, 1951

quotation on the London Stock Exchange as of December 31, 1950, converted into U. S. dollars at the official rate of $2.80 per pound, of $191,459,100.00.

F. W. WOOLWORTH CO., G.M.B.H., GERMANY

Continued good progress has been made by our organization in Germany during the year 1950. New stores have been opened in three cities, Hanover, Kiel, and Hamm. Six damaged stores have been completely renovated and major repairs made in seventeen others. In addition, restoration work has been done in six Company-owned properties. The cost of this improvement program was borne entirely by the German Company.

Three stores that had been operating in temporary quarters were closed during 1950, so the number of stores in operation in Western Germany and the Western Sector of Berlin are 41. Counter selling space, however, has been increased by 2600 lineal feet.

Operating results for 1950 show splendid increases in both sales and profits. Further progress is dependent almost entirely on international conditions. A loyal, efficient organization is taking care of our Company's interests in Germany.

NUMBER OF STORES

At the close of the year there were 1936 stores in operation: 1776 in the United States, 152 in Canada and 8 in Cuba. During the year 21 new stores were opened and 23 old stores closed. In many instances, expiring leases were not renewed because of unfavorable terms, inadequate size of available space, shifts in shopping centers, or because the community can be adequately served by a nearby Woolworth store in which improvements are contemplated or have been completed.

MERCHANDISING

Our buyers, who gratefully acknowledge the co-operation of our suppliers, are justly proud of what they have been able to ac-

complish in maintaining a steady flow of outstanding values and in introducing new lines of merchandise. Favorable customer reaction to the many new items has far exceeded our expectations.

The efforts of our buying force will continue to be directed toward better values and toward giving our customers the merchandise in which they are interested.

Many large stores are now in operation, in which our assortment of merchandise is far greater than in the smaller stores. In our smaller stores, however, we are also carrying a broader line of staple merchandise than we have ever had heretofore. Our New York, Chicago, San Francisco and Toronto warehouses are carrying very complete assortments of merchandise and are in a position to serve the stores' needs promptly.

Even though conditions at this time are somewhat unsettled, the Company plans to add many new items and is anticipating record sales for 1951.

Many of the new and staple lines are pictured elsewhere in this report.

STORE EXPANSION AND IMPROVEMENT PROGRAM

In 1950 under the expansion and improvement program 98 major projects were completed in the United States, Canada and Cuba. Of these, 21 are new stores, 26 are stores moved to new, more desirable locations, and 51 are stores enlarged and improved in the same locations. The total outlay, including ordinary improvements to stores not in the above group, was approximately $25,000,000.

The many new features in these stores, such as air-conditioning, escalators, fluorescent lighting, and modern displays, are proving attractive to the buying public. Some of these stores are located

in suburban shopping centers, favored by many customers because of their fine parking facilities and other accommodations that make shopping comfortable and easy. A map showing the locations of the new and improved stores and photographs of a few that are typical, along with photographs of several 1950 merchandise displays, will be found on pages that follow in this report.

Between June 30, 1947, when government building restrictions were lifted, and the end of 1950, Woolworth completed 311 major projects. As of December 31, 1950, 33 major construction projects were in progress.

Plans for 1951 called for the continuation of the expansion and improvement program. However, on January 13, 1951, the government placed restrictions on commercial and business building and limited the use of certain material and equipment for many purposes. Under the circumstances our 1951 expansion program cannot proceed as planned, and schedules are being revised to co-operate with the government. The effect of these government restrictions cannot fully be determined at this time, but indications are that we may be limited to those jobs now well under way. The balance of the program, or that portion to which the government's restrictions apply, will be held in abeyance until restrictions are lifted.

THE PICTURES ON THE FRONT COVER show at a glance a few of the high-lights of the Company's 1950 expansion and improvement program. Reading clockwise the four pictures feature:

Woolworth's Lancaster, Pennsylvania, store, latest successor to the *first* Woolworth store opened in 1879.

Wearing apparel sections like this colorful counterful of sweaters make an important contribution to the total sales volume of the modern Woolworth's.

The modern lunch department, with seats for 157 persons, operating in the new Cleveland store. Most of the new or improved Woolworth's have similar equipment.

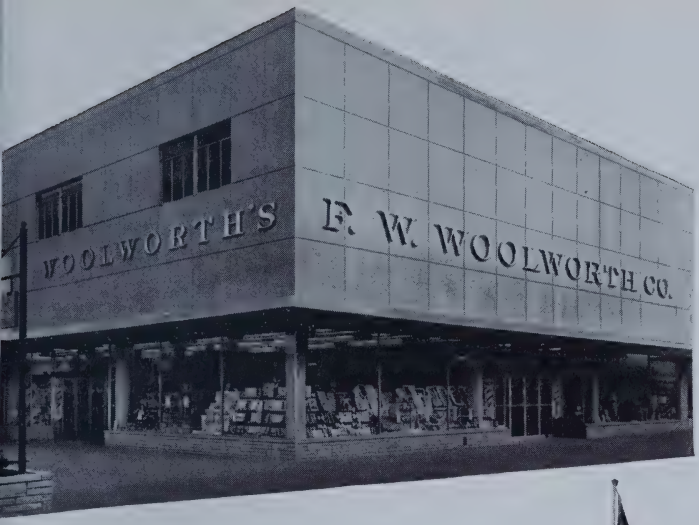
Escalators that give easy access to sales floors below and above street level make possible the utmost development of floor areas for display and sales.

VANCOUVER, B. C.
NORTHGATE
(Seattle)
TACOMA
ASTORIA
MEDFORD
KLAMATH FALLS
MODESTO
BAKERSFIELD
OXNARD
SANTA MONICA
SAN DIEGO
ALAMOSA
CLOVIS
CARLSBAD
EMPORIA
1950
STORE EXPANSION
AND IMPROVEMENT PROGRA

AMHERST
MONTREAL
ROCKLAND
ST. LAURENT
PEMBROKE
OTTAWA
NEWPORT
HANCOCK
HOUGHTON
LACONIA
NEWTONVILLE
MIDLAND
TORONTO
FRAMINGHAM
PITTSFIELD
NEAPOLIS
OSHKOSH
HAMILTON
WATERBURY
FOND DU LAC
ROCHESTER
FAIRFIELD
BEAVER DAM
MILWAUKEE
DETROIT
ERIE
WILKES-BARRE
SO. MILWAUKEE
WILLOUGHBY
YOUNGSTOWN
LEWISTON
OAK PARK
MELROSE PARK
MIDDLEBURG HTS.
CLEVELAND
LANCASTER
CHICAGO
LA PORTE
INES
COLUMBUS
HAGERSTOWN
BEARDSTOWN
CHARLESTON
CHARLES
MT. CARMEL
ROANOKE
T. LOUIS
ST. MATTHEWS
BENTON
HERRIN
CAPE GIRARDEAU
HIGH POINT
ROCK HILL
EAST POINT
MOBILE
LAFAYETTE
NEW ORLEANS
HOLLYWOOD
MIAMI
HAVANA
NEW YORK
NEW ROCHELLE
BELLEROSE
BAY SHORE
BINGHAMTON
GOUVERNEUR
JAMAICA
BRONX
GLENS FALLS
NEW JERSEY
PRINCETON
PT. PLEASANT
CAMDEN
Legend
NEW STORES (21)
STORES MOVED TO NEW LOCATIONS (26)
STORES IMPROVED IN SAME LOCATIONS (51)

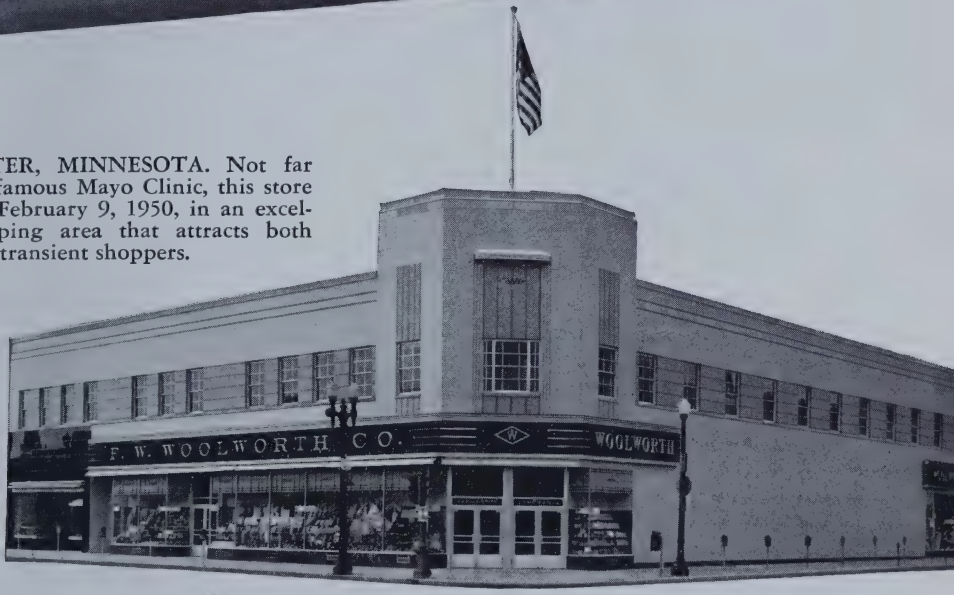
ROCKLAND, MAINE
In harmony with architecture of surrounding buildings, this Woolworth store of colonial design reopened in its new location October 12, 1950.

CLEVELAND, OHIO
One of the largest new Woolworth's, opened August 14, 1950, in its new location in the heart of the downtown shopping district.



NORTHGATE, WASH. In the new suburban shopping center on the outskirts of Seattle, this new store is unique in that it has covered walkways on all sides and show windows so designed that the interior can be seen clearly from the street.

ROCHESTER, MINNESOTA. Not far from the famous Mayo Clinic, this store reopened February 9, 1950, in an excellent shopping area that attracts both home and transient shoppers.



MONTREAL, QUEBEC. This new enlarged store opened November 15, 1950 on its original site at the well-known corner of St. Lawrence Boulevard and St. Catherine Street.

A feature display of apparel for the small fry. Most stores offer attractive lines for infants and teen-agers.

JEWELRY, high styled and attractively displayed, can be found in most Woolworth's all over the country.

A first-floor location, convenient for the noon-day shopper, a full range of colors and sizes, plus protective display that assures the buyer of perfect merchandise, all help to account for the growing popularity of Woolworth's Nylon Hosiery Bars.

TURES AND
TURE FRAMES

unusual display is in the new
land store. Pictures large and
, scenic and floral, wood and
framed, are featured in most
worth stores.

Paint, enamel and varnish in all colors and in small, medium and gallon containers, along with brushes and accessories, attract the man of the house to Woolworth's.

TOYLAND

Not only at Christmas, but the whole year round, children of all ages know it's "Woolworth's for Toys."

EMPLOYEE, TRADE AND PUBLIC RELATIONS

The continued success of the Company would not be possible without the ability, industry and loyalty of the more than 85,000 active members of the Woolworth organization. Each new employee knows from the start that all vacancies in jobs above will be filled from the ranks. Throughout their active career Woolworth employees receive fair basic salaries, Christmas bonuses, vacations with pay and the daily benefit of a good place to work. A pension plan is also provided without cost to the employee.

These policies, the development of more than seventy years, are of proven benefit to the Woolworth employee and to your Company, as evidenced by the fact that there are more than 15,500 employees who have been with the Company 5 years or longer, 1710 who have been with Woolworth for 25 years or more, and 87 whose term of service exceeds 40 years.

The Company as a matter of principle and policy fosters harmonious relations with its thousands of suppliers, with its landlords, with the banks with which it maintains accounts and with the contractors who do work for your Company.

The Company also is aware that its responsibilities to the communities in which it does business go beyond providing good values in attractive stores. Store managers are encouraged to participate in civic activities which bring benefits to their respective communities. The Company maintains membership in many Chambers of Commerce, both state and local, and supports Community Chests, Red Cross and other widely recognized welfare institutions. The farmer is important to the Company as a supplier and a customer. Special selling efforts to assist in moving farm products in surplus supply into immediate consumption are regularly undertaken, and such programs as the 4-H Clubs have the Company's active support.

SPOTLESS KITCHENS AND BAKE SHOPS, such as these in the new Wilkes-Barre, Pa., store, back up the spick-and-span lunch counters that are a feature of many of the modern Woolworth's. Food-processing equipment is of the most modern design and is made of materials selected not only for durability but also for the ready maintenance of the highest standards of sanitation. Each kitchen-bake shop installation is self-contained, thus making it possible for each store having such units to prepare complete menus, including the whole range of pastries and desserts. All foods are prepared from Woolworth's own kitchen-tested recipes in which the best ingredients are used.

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Annual Report

For the Year Ended December 31, 1951

F. W. WOOLWORTH CO.

F. W. WOOLWORTH CO.

Officers

ALFRED L. CORNWELL
President and Chairman, Board of Directors

IVAN W. KEFFER
Executive Vice-President and Treasurer

GEORGE F. TERPENNING
Vice-President

FLOYD R. COLE
Vice-President

HERBERT J. COOK
Vice-President

CARSON C. PECK
Vice-President

JAMES T. LEFTWICH
Secretary, Comptroller and Assistant Treasurer

HARRY E. WILSON
Assistant Secretary and Assistant Treasurer

C. HOWARD LOVELL
Assistant Secretary and Assistant Treasurer

TROUSDALE BROWN
Assistant Secretary

Directors

RUSSELL D. CAMPBELL . . . . . *Manager, Canadian District*
FLOYD R. COLE . . . . . *Officer and Member of Executive Committee*
HERBERT J. COOK . . . . . *Officer and Member of Executive Committee*
ALFRED L. CORNWELL . . . . . *Officer and Member of Executive Committee*
CHARLES W. DEYO . . . . . *Honorary Chairman of the Board*
ALEXANDER R. GALLENKAMP . . . . . *Manager, Minneapolis District*
LEWIS H. GAUSE . . . . . *Manager, Philadelphia District*
SAMUEL H. HUBER . . . . . *Dalton, Pa.*
IVAN W. KEFFER . . . . . *Officer and Member of Executive Committee*
ALLAN P. KIRBY . . . . . *President of Alleghany Corporation*
SEYMOUR H. KNOX . . *Chairman of Board, Marine Trust Company, Buffalo, N. Y.*
JAMES T. LEFTWICH . . . . . *Officer and Member of Executive Committee*
E. CLARK MAUCHLY . . . . . *Member of Executive Committee*
BYRON D. MILLER . . . . . *Portland, Me.*
JAMES J. NICHOLSON . . . . . *Manager, Atlanta District*
CARSON C. PECK . . . . . *Officer and Member of Executive Committee*
FREMONT C. PECK . . . . . *New York, N. Y.*
MARTIN A. SCHENCK . . *Attorney, Member of Firm, Davies, Hardy, Schenck & Soons*
MERRITT E. SEWARD . . . . . *General Supervisor of Restaurant Operations*
WILLIAM L. STEPHENSON *Former Chairman, F. W. Woolworth & Co., Ltd., England*
GEORGE F. TERPENNING . . . . . *Officer and Member of Executive Committee*
HARRY E. WARD . . . *Honorary Chairman of Board, Irving Trust Company, N. Y.*
FREDERICK J. WECKESSER . . . . . *Wilkes-Barre, Pa.*
RICHARD W. WOOLWORTH . . . . . *Salem Center, N. Y.*

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Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York 15, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York 15, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1951

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK 7, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

The next annual meeting of the stockholders will be held on Wednesday, May 21, 1952. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 21, 1952, at which time proxies will be requested by the Management.

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FEB 26 1952
UNIVERSITY OF ILLINOIS

F. W. WOOLWORTH CO.

OFFICE OF THE PRESIDENT
AND CHAIRMAN OF THE BOARD

WOOLWORTH BUILDING
NEW YORK 7, N. Y.

January 24, 1952

To Our Stockholders:

On behalf of the Board of Directors, we submit herewith the Consolidated Annual Report of your Company for the year 1951. The Income Account and Balance Sheet reflect the operations in the United States, Canada and Cuba. The British Company, F. W. Woolworth & Co., Limited, in which your Company owns 52.7% of the ordinary shares, is not consolidated in these statements. Pertinent information relating to that Company is incorporated in the report.

The sales for the year exceeded those of all previous years, and amounted to $684,180,297 as compared with $632,135,790 for the year 1950, representing a gain of $52,044,507, being 8.23%. The sales for the month of December again exceeded all previous records; however, bad weather conditions in most sections of the country had an adverse effect on the holiday business, and the increase for the month amounted to only 2.44%. The December sales were 17.64% of total sales in the year 1950, and 16.70% in 1951. The loss of this large volume of the most profitable business of the year materially affected the final results, inasmuch as fixed charges such as rent, depreciation and amortization are in the same amount for December as any other month.

Net income for the year amounted to $31,255,894 after deducting depreciation, amortization, reserve for fire losses, and providing for Government taxes. These earnings were equivalent to $3.22 per share as compared with $3.83 per share earned in 1950.

Operating under regulations issued by the Office of Price Stabilization has been difficult during the year 1951, and will likely present greater problems in 1952. The cost of doing business, aside from the regulated cost and selling price of merchandise, continues to increase materially. However, the fact remains that these regulations are not effective on most expense items which

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make up the broad classification of our cost of operations. We are wholly in accord with all reasonable efforts to avoid further inflation, and the Government agencies have had and will continue to have our full cooperation.

Dividends paid were the same as in recent years, being $2.50 per share. The Board of Directors at the meeting held on January 9, 1952 declared an extra dividend of 50 cents per share in addition to the regular quarterly dividend of 50 cents per share. Both dividends will be paid on March 3, 1952.

The financial condition of your Company remains strong, with current assets of $155,904,346. These include cash in the amount of $55,396,854, which is $14,094,342 in excess of the amount on hand at the close of the previous year.

Our expansion program has been curtailed due to Government restrictions on the use of critical materials, and these expenditures amounted to approximately $17,800,000. This compares with an amount in excess of $25,000,000 spent in the year 1950. It is contemplated that expenditures for this purpose during the year 1952 will not exceed the 1951 figure.

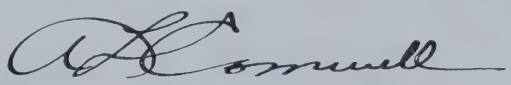
The efficient service rendered by nearly 95,000 employees in our stores, warehouses, and offices is deeply appreciated by the Management, which is always cognizant of the value of this service to the progress of the Company. Of these employees, 1,860 have been in the service of the Company for 25 years or more.

The Management expresses appreciation for the continuous cooperation of our many suppliers in their dealings with our buyers in developing and improving the many lines of merchandise offered to our customers, at the lowest possible prices.

We appreciate the many expressions of goodwill received from stockholders during the year, and we are always glad to hear from any stockholder who wishes to inquire regarding the affairs of the Company.

In behalf of the Board of Directors,

Respectfully submitted,



PRESIDENT AND
CHAIRMAN OF THE BOARD

The Woolworth Record

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"
1946	1958	552,369,440	4.12	2.10	"
1947	1945	593,359,194	4.32	2.50	9,703,607
1948	1944	623,941,562	4.48	2.50	"
1949	1938	615,649,544	3.83	2.50	"
1950	1936	632,135,790	3.83	2.50	"
1951	1943	684,180,297	3.22	2.50	"

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

CONSOLIDATED ANNUAL REPORT

for the year 1951

THE INFORMATION contained in this report discloses the results from the operations of F. W. Woolworth Co., a New York corporation, for the year 1951. The Canadian subsidiary, F. W. Woolworth Co., Limited, which is 100% owned, and the Cuban branch of the parent Company are consolidated. The financial statements include both the income received and the investment in the British affiliate, F. W. Woolworth & Co., Limited, England, of which this Company owns 52.7% of the outstanding ordinary shares.

SALES

Sales for the year in stores operated in United States, Canada and Cuba amounted to $684,180,297, an increase of $52,044,507 or 8.23% over the sales for the year 1950. Sales for the month of December amounted to $114,236,986, an increase of $2,716,826 compared with the previous year. The sales for both the month of December and the year exceeded all previous records.

OTHER INCOME

This income realized from real estate, dividends received from F. W. Woolworth & Co., Limited, England and miscellaneous items, amounted to $7,383,264 for the year. Compared with the previous year, a gain on the sale of real estate in the year 1950 was partially offset by a gain in foreign exchange in the year 1951. Information in greater detail pertaining to the British Company is given on Page 10 of this report.

EXPENSES

Operating expenses which include wages, rent, light, heat, supplies, repairs, and numerous other items and services, also local

and state taxes of various types, together with the cost of merchandise sold, amounted to $621,157,390 for the year. Expenses as a whole, including the transportation cost of merchandise, have increased materially during the year, and much of this is in line with the present economy, and beyond our control. For example, state and municipal taxes and social security payments amounted to $9,236,516 for the year, an increase of $1,069,789 over 1950. This subject naturally receives close scrutiny by the Management, and savings are effected wherever possible to minimize the trend and retain a reasonable ratio to volume.

In addition to operating expenses, allowances must be made for depreciation of store buildings owned by the Company, fixtures, and the writeoff of capital expenditures made on leased properties. The amount of depreciation and amortization deducted from income during the year was $11,295,853.

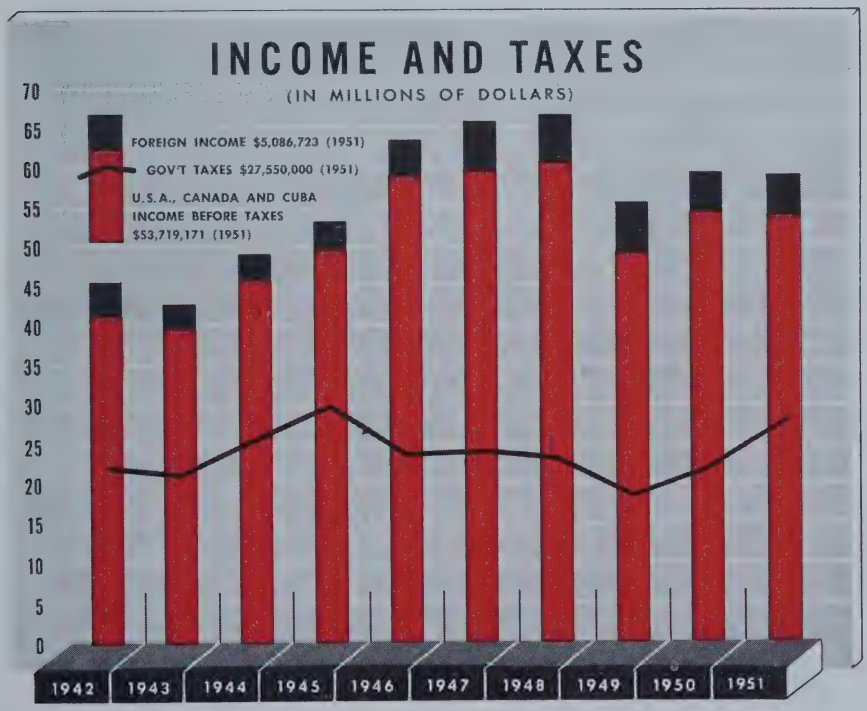
NET INCOME

Net income for the year amounted to $31,255,894, equal to $3.22 per share, after deducting depreciation and amortization of $11,295,853, and Government taxes of $27,550,000. Net income for the previous year was $37,145,133, or $3.83 per share.

Information appears on Page 4 of the report showing the total sales and earnings per share since 1912. There is also a graph appearing on this page which shows comparison of income from all sources for the past ten years, before provision for Government taxes.

DIVIDENDS

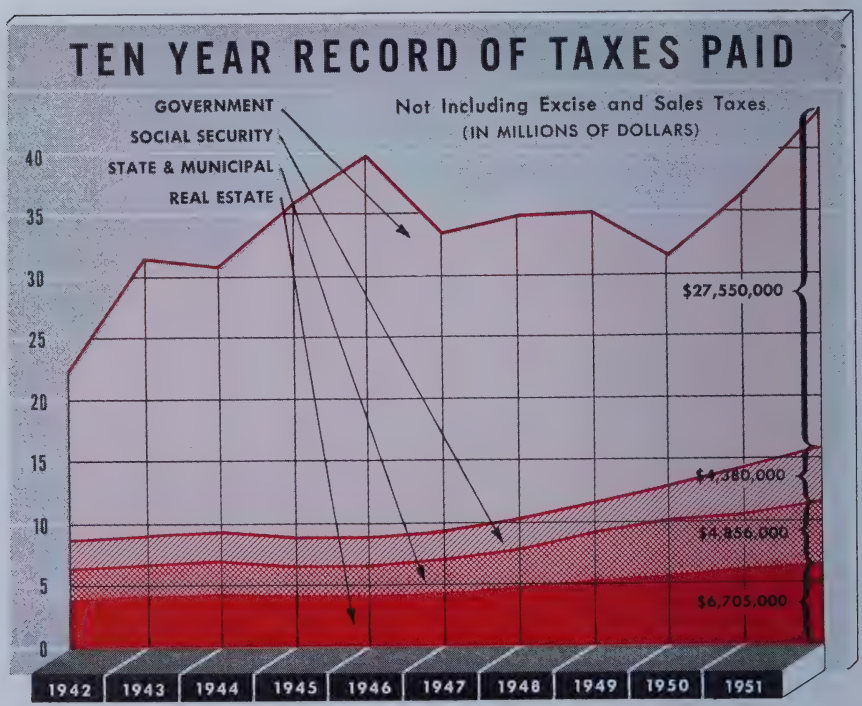
Dividends for the year amounted in the aggregate to $24,259,017, being $2.50 per share on the 9,703,607 shares of capital stock outstanding, exclusive of 46,393 shares held in the treasury of the

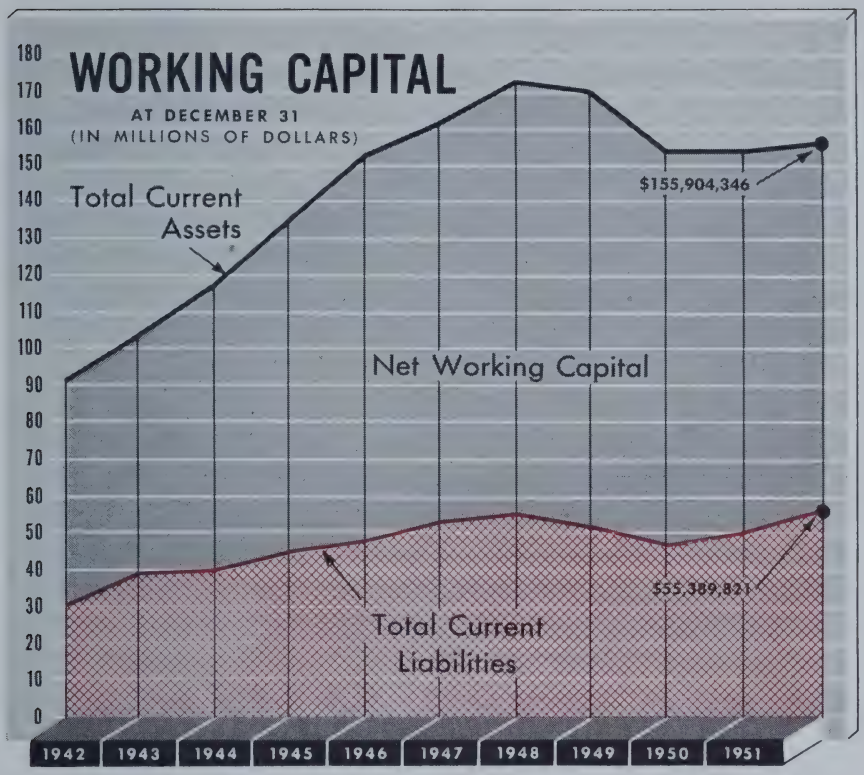


Company. The dividends consisted of four quarterly payments of 50 cents per share, and an extra dividend of 50 cents per share, paid March 5, 1951. There were 83,955 stockholders at the end of the year, compared with 82,125 on December 31, 1950. A history of dividend disbursements is shown on Page 4 of this report.

TAXES

The total amount of taxes paid or accrued and deducted from income amounted to $43,491,943 for the year. These taxes equal $4.48 per share, compared with $36,605,760, or $3.77 per share in 1950. Government taxes accrued amounted to $27,550,000, which does not include any excess profits taxes. Other taxes paid were local real estate taxes, $6,705,427, state and municipal taxes of various types, $4,856,466, and social security and unemployment insurance payments of $4,380,050. Not included in the





total are sales and excise taxes collected from customers in the amount of $15,277,700 and paid to Federal, State and City Governments. A ten year record of taxes paid by the Company is shown in the graph appearing on Page 8 of this report.

FINANCIAL CONDITION

The financial condition of your Company continues to be satisfactory, with current assets of $155,904,346 and current liabilities of $55,389,821. Cash on hand is $55,396,854, and in excess of the prior year in the amount of $14,094,342. The net cash expenditures made during the year for fixed assets, such as real estate, fixtures, equipment, buildings on leased ground and alterations amounted to $17,860,882. This is a decrease from the previous year of $7,923,234.

MERCHANDISE INVESTMENT

The merchandise inventory in stores and warehouses amounted to $96,049,526, a decrease of $9,426,775 from the previous year. In the present market, when merchandise is readily available, it appears to be a better policy to operate on an inventory of current requirements only. Our merchandise investment December 31st approximates the stock investment planned and puts the Company in an excellent condition to further increase its lines of merchandise in anticipation of increased sales.

AUDITORS' CERTIFICATE

The records for the year 1951 were audited by R. G. Rankin & Co., Certified Public Accountants. The Auditors' certificate, directed to the stockholders, appears on Page 14. The Board of Directors has authorized the continuance of the services of this firm to audit the records for the year 1952.

F. W. WOOLWORTH & CO., LIMITED, ENGLAND

The net income of F. W. Woolworth & Co., Limited, England, was £6,196,675 after providing £8,387,214 for governmental taxes. Earnings of this Company for the preceding year were £5,355,272. A dividend of one shilling four and one-half pence per share has been declared payable March 1, 1952, which is in the same amount as paid at this time last year. The total dividends paid out of earnings for the year 1951 equal two shillings one and one-half pence per share, which is the same as the previous year. The balance of surplus carried forward after deducting the March 1, 1952 dividend amounted to £2,367,121, compared with £1,498,848 at the end of the previous year.

A majority stock interest of 52.7% of the British Company is owned by your Company, and cash dividends from this source in the amount of $5,086,723 were received during the year.

This investment is carried on the books of this Company at $30,879,630, and has a market value, according to the closing

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Consolidated Statement of Income and Earned Surplus
For the Years Ended December 31, 1951 and 1950

	1951	*1950*
Sales—United States, Canada and Cuba	$684,180,297	$632,135,790
Less: Cost of sales and expenses	621,157,390	570,174,874
Net Profit from Operations	63,022,907	61,960,916
Other Income		
Dividends—F. W. Woolworth & Co., Ltd., England	5,086,723	5,169,660
Income from real estate	1,636,127	1,357,814
Gain on sales of real estate	19,445	650,022
Foreign exchange gain	609,034	255,645
Interest and miscellaneous	31,935	173,832
Total	7,383,264	7,606,973
	70,406,171	69,567,889
Deductions from Income		
Depreciation and amortization	11,295,853	10,126,287
Interest	304,424	46,469
Total	11,600,277	10,172,756
Net Income before U.S.A., Canadian and Cuban Taxes on Income	58,805,894	59,395,133
Provision for U.S.A., Canadian and Cuban Taxes on Income	27,550,000	22,250,000
Net Income	31,255,894	37,145,133
Earned Surplus—Balance, January 1st	213,845,201	200,959,085
	245,101,095	238,104,218
Deduct		
Dividends declared and paid (1951 and 1950—$2.50 per share)	24,259,017	24,259,017
Earned Surplus—Balance, December 31st	$220,842,078	$213,845,201

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars as follows: 1951—$2,359,029 at 98.78; 1950—$2,457,631 at 94.5.

ASSETS

Current Assets	*1951*	*1950*
Cash	$ 55,396,854	$ 41,302,512
Receivables	1,817,144	2,210,530
Merchandise inventories—at cost	96,049,526	105,476,301
Merchandise in transit—at cost	2,640,822	3,409,741
Total Current Assets	155,904,346	152,399,084
Investments		
F. W. Woolworth & Co., Ltd., England:		
Majority ordinary shares—stated substantially below market value in England at current exchange	30,879,630	30,879,630
Preference shares	488	488
Mortgages and notes receivable	1,707,010	1,338,574
Majority interest in F. W. Woolworth Co., G.m.b.H., Germany	1	1
Total Investments	32,587,129	32,218,693
Fixed Assets—at cost		
Land and buildings	64,126,834	58,659,067
Less: Reserve for depreciation of buildings	8,662,440	7,990,443
	55,464,394	50,668,624
Furniture and fixtures	78,290,356	73,096,721
Less: Reserve for depreciation	24,615,454	22,952,747
	53,674,902	50,143,974
Equipment, less amortization	6,864,991	5,367,156
Buildings on leased ground, less amortization	34,350,623	33,859,143
Alterations to leased and owned buildings and store organization expenses, less amortization	49,363,208	46,063,693
Total Fixed Assets	199,718,118	186,102,590
Other Assets		
Store and office supplies—at cost	2,976,515	2,749,242
Prepaid expenses	859,431	1,082,022
Total Other Assets	3,835,946	3,831,264
Goodwill	1	1
Total	$392,045,540	$374,551,632

This statement includes net current assets of the Canadian subsidiary as follows: 1951—$11,284,500; 1950—$10,350,254: and other net assets of that subsidiary as follows: 1951—$21,249,813; 1950—$19,365,824.

LIABILITIES AND CAPITAL

	1951	*1950*
Current Liabilities		
Accounts payable, including merchandise in transit	$ 3,946,737	$ 4,760,123
Accruals and sundry liabilities, including taxes withheld	23,927,778	23,132,923
Long-term obligations, payable within one year	608,332	285,559
Reserve for U.S.A., Canadian and Cuban taxes on income	26,906,974	21,929,172
Total Current Liabilities	55,389,821	50,107,777
Long-Term Obligations in Connection with Real Estate Acquisitions—payable after one year	17,516,304	12,938,834
Reserves		
For employees' sick benefits	300,000	300,000
For self-insurance to cover fire and flood damage risks on contents of stores in the U.S.A.	2,144,369	1,506,852
Total Reserves	2,444,369	1,806,852
Capital Stock and Surplus		
Capital Stock—par value $10 per share		
Authorized 20,000,000 shares		
Issued 9,750,000 shares (of which 46,393 shares are held in treasury)	97,500,000	97,500,000
Earned Surplus	220,842,078	213,845,201
	318,342,078	311,345,201
Less: Book value of 46,393 shares of treasury stock, less $901,634 previously charged to Earned Surplus	1,647,032	1,647,032
Total Capital Stock and Surplus	316,695,046	309,698,169
Total	$392,045,540	$374,551,632

Earned Surplus includes undistributed surplus of foreign subsidiaries as follows: 1951—$54,551,256; 1950—$51,733,020.

AUDITORS' CERTIFICATE

R. G. Rankin & Co.
CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the consolidated balance sheet of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1951 and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We accepted, after review, the financial statements of the Canadian subsidiary as certified to by independent auditors and converted the value of the net current assets reported therein into U. S. dollars at the current rate of exchange.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus present fairly the financial condition of F. W. Woolworth Co. and its Canadian subsidiary at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 24, 1952

quotation on the London Stock Exchange as of December 31, 1951, converted into U. S. dollars at the official rate of $2.80 per pound, of $193,119,150.

F. W. WOOLWORTH CO., G.M.B.H., GERMANY

Three new stores were opened in Germany during 1951. They are located in cities where we were formerly not represented, namely, Stuttgart, Ulm, and Braunschweig. There are now 44 stores in operation in the Western Zones of Germany and in the Western sector of Berlin. Counter selling space was increased during the year by approximately 3000 lineal feet.

For 1952, plans are under way to enlarge two more stores and to build a new store in Würzburg, also a city where we were formerly not represented.

This entire restoration and expansion program has been carried out with the funds of the German Company.

The operating results of the German Company continue to show steady increases both as to sales and profits.

We pay tribute to the men and women who comprise the staff of the German Company for their outstanding accomplishments in the rehabilitation of the F. W. Woolworth Co., G.m.b.H.

NUMBER OF STORES

At the end of the year there were 1943 stores doing business throughout the United States, Canada, and Cuba. Of these, 1778 are located in the United States, 157 in Canada, and 8 in Cuba. During the year, after careful consideration was given to all of the factors, such as terms of lease, size of store, shifts in population and shopping area, it was decided to discontinue the operation of 19 stores. However, 26 new stores were opened; thus the net gain at the close of the year was 7 stores.

MERCHANDISING

Merchandising during much of the year 1951 was plagued with

troubles resulting from scare announcements, warnings of material shortages and scarcities of numerous items that were supposed to be in short supply.

In spite of these problems and the underlying confusion that goes with such problems, our buyers, working in close harmony with suppliers, were able to develop many new items and lines of merchandise. Many items formerly constructed of metal have been replaced with items made of plastic, especially in the toy and kitchenware lines. Plastic material is also used to a greater extent than heretofore in such lines as draperies and table covering. Our import buyers were able to secure many new items, particularly in ceramics, which your Company had never carried before. These items are of outstanding value, and we expect during 1952 to add to our assortment.

While Government regulations did restrict the manufacturing of certain items, nevertheless due to substitutions we have not experienced any serious shortages; in fact, our assortment of merchandise is far greater today than ever before.

Our buyers will continue to search the market for new items and greater values in order to meet the demands and fill the needs of our customers, always bearing in mind the policy of the Company to keep abreast of the times in merchandise and at the same time offer the best values possible.

Even though conditions continue to be unsettled at this time, the Company by the addition of new items and through improved display of merchandise is anticipating record sales for the year 1952. Photographs of various types of displays of merchandise are shown on Pages 22 and 23.

NEW STORES—EXPANSION AND IMPROVEMENT PROGRAM

During the year, 26 new stores were opened, 13 of which were located in suburban shopping centers. These shopping centers represent a comparatively new development in the retail industry

and extreme caution is being exercised by the Company in its choice of these locations as the assurance of reasonable permanency is a prime consideration.

In addition to the new stores referred to above, 21 were relocated and enlarged, and 38 stores were improved in the same locations.

The stores in the above categories comprised the 85 major projects completed during 1951 in the United States and Canada. A map designating the locations of these new and improved stores will be found on Page 18. Also in this report will be found photographs of actual merchandise displays, which we trust you will find interesting.

The total capital expenditure for this program amounted to approximately $17,800,000, which also includes the cost of ordinary improvements to stores not included in the above group.

On December 31, 1951, there were 31 stores in various stages of alterations. The work is proceeding according to schedule and in compliance with Government regulations. It is impossible at this time to forecast with any degree of certainty the scope of the 1952 expansion and improvement program due to present-day Government restrictions which have already necessitated the postponement of some contemplated jobs, and their completion will now depend on the duration and severity of the present emergency. Nevertheless, plans are being completed for additional projects. These include new, enlarged, and altered stores. The Company will thus be in a position to commence their actual construction when conditions again make it possible to proceed with the work.

Consideration is also being given to the refurbishing of certain stores where the required quantity of strategic materials is negligible and the restrictions are not applicable.

In the continuous effort to increase sales and to attain new high standards of operating efficiency, the Company has, during the last five years, completed 396 major construction projects.

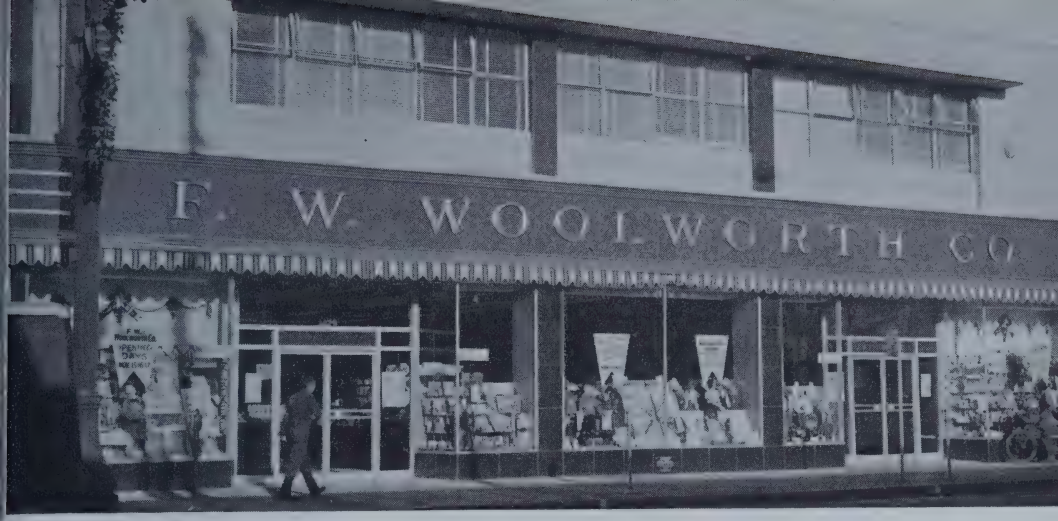
1951 Store Expansion and Improvement Program

N
ONT.
67
QUE.
36
P.E.I.
2
SUMMERSIDE
N.B.
4
DARTMOUTH
N.S.
11
ME.
20
ST. JEROME
VT.
9
N.H.
13
N.Y.
222
CLAREMONT
EXETER
WINCHESTER
CAMBRIDGE
SOMERVILLE
MASS.
110
ALBANY
HYANNIS
NORWOOD
NORWICH
NEW BRITAIN
R.I.
10
CONN.
25
WIS.
57
GREEN BAY
TORONTO
PORT COLBORNE
HAMBURG
MICH.
53
MILWAUKEE
NANTICOKE
N.J.
75
GARFIELD HGTS.
YOUNGSTOWN
CLEVELAND
BOARDMAN
PA.
125
DARBY
CICERO
CHICAGO
TIFFIN
STRUTHERS
COVENTRY
CANTON
IND.
41
OHIO
115
NEW PHILA.
DEL.
3
ILL.
160
INDIANAPOLIS
COLLEGE PARK
MD.
18
W.VA.
12
VA.
27
D.C.
11
ST. LOUIS
NORFOLK
KY.
21
KINGSPORT
N.C.
23
TENN.
22
ARK.
7
FLORENCE
S.C.
8
NO. ATLANTA
BESSEMER
TUSCALOOSA
MACON
MISS.
15
ALA.
15
GA.
19
LA.
16
DAYTONA BEACH
FLA.
21
CUBA
8
NEW YORK
RIVERHEAD
NEW YORK (Stuyvesant Town)
LEVITTOWN
FRANKLIN SQUARE
GREAT NECK
NEW YORK
NEW JERSEY
JERSEY CITY
WILDWOOD
HADDONFIELD
TRENTON
Legend
NEW STORES (26)
STORES MOVED TO NEW LOCATIONS (21)
STORES IMPROVED IN SAME LOCATIONS (38)
NUMBER INDICATES STORES IN STATE

CAMBRIDGE, MASSACHUSETTS
A new air-conditioned building which also houses the Boston District Office.

DULUTH, MINNESOTA
One of thirteen new stores opened in suburban shopping centers in 1951.

TRENTON, NEW JERSEY
On East State Street, this larger two-floor store with escalators reopened in this new building February 1, 1951. It is air-conditioned, has fluorescent lighting, terrazzo floors, and modern facilities for the convenience of customers.



ALAMEDA, CALIFORNIA— In a fast growing section of the State. Store was enlarged in the same location, modernized in every respect, and reopened November 15, 1951.

ST. JOHN, N. B., CANADA
Store operations are continuing during construction of this new building and enlarged modern store located on the most prominent corner of the city.
To be completed early in March, 1952.

MACON, GEORGIA
This store, with its modern marquee and air-conditioning —so important in the South, reopened at a new location on Cherry Street July 12, 1951.

DRESSES
3 100
37
39
98
119
119
119
55

FRONT SERVICE COUNTERS,
in many new and improved
WOOLWORTH stores,
display conveniently and fully
to customers the staples,
the seasonable, and the new
in WOOLWORTH values.

EMPLOYEE AND PUBLIC RELATIONS

Your Management continually endeavors to maintain a close relationship with employees, stockholders and the many groups with which we come in contact.

Farmers are important to us, as suppliers as well as customers. In a typical year, the Company buys about 4 million pounds of poultry, 4 million pounds of beef, a million pounds of butter, 2 million pounds of pork, 15 million pounds of potatoes, and 200 thousand cases of oranges, for our food departments.

Among programs designed to cooperate with agriculture are farmer-consumer campaigns, special selling events to move farm crops, sponsorship of farm youth projects, and support of National Dairy Month through special promotion of dairy products.

Woolworth store managers and employees are encouraged to take part in the civic life of the community they serve. Support is given Chambers of Commerce, Service Clubs, Community Chests, the Red Cross, Defense Bond and Blood Donor programs, and many other worthwhile causes.

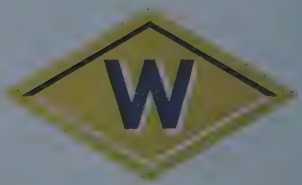
Your Company's continued progress would not be possible except for the enthusiastic, loyal support of its 95,000 employees. In addition to fair compensation and attractive working conditions, we have a liberal vacation policy, a sound pension plan at no cost to the employee, and a Christmas bonus plan.

During 1951, 781 Company employees joined the Armed Forces. We hope their absence will be of short duration.

Press and radio relations continue to be characterized by a high degree of understanding and cooperation. For the first time, your Company sponsored a television program on a national network that brought the Rose Bowl parade to millions of televiewers on New Year's Day.

The Management considers the goodwill of its stockholders of paramount importance. It wants them to be fully informed about the condition of the business. This year the report of the annual meeting was enlarged, bringing a verbatim report to the stockholders unable to attend the meeting.

SOUTHSEA, ENGLAND, now has this large, modern Woolworth's *(above)* in a newly erected building at a new location to replace the store destroyed during the war. Nine other stores were improved in the same locations and two new stores were opened this year by the British Company bringing the total number of stores to 764. **BRAUNSCHWEIG, GERMANY** *(below)*. This new Woolworth's in a new building is one of three new stores opened in Western Germany in 1951. In addition, three stores were reopened in new, larger quarters, and nine stores were improved in the same locations. The total number of stores now in operation in Western Germany is 44.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F.W. WOOLWORTH CO.

F. W. WOOLWORTH CO.

Officers

ALFRED L. CORNWELL
President and Chairman, Board of Directors

IVAN W. KEFFER
Executive Vice-President

JAMES T. LEFTWICH
Vice-President and Treasurer

GEORGE F. TERPENNING
Vice-President

HERBERT J. COOK
Vice-President

CARSON C. PECK
Vice-President

L. JAMES THRASHER
Vice-President

RAYMOND E. WILLIAMS
Vice-President

HARRY E. WILSON
Comptroller and Assistant Treasurer

TROUSDALE BROWN
Secretary

C. HOWARD LOVELL
Assistant Secretary and Assistant Treasurer

JAMES R. WEBB
Assistant Treasurer

CARYL T. HALLDORSON
Assistant Secretary

THOMAS J. MULLEN
Assistant Secretary

Directors

RUSSELL D. CAMPBELL . . . . . *Manager, Canadian District*
HERBERT J. COOK . . . . . *Officer and Member of Executive Committee*
ALFRED L. CORNWELL . . . . . *Officer and Chairman of Executive Committee*
*CHARLES W. DEYO . . . . . *Honorary Chairman of the Board*
ALEXANDER R. GALLENKAMP . . . . . *Manager, Minneapolis District*
LEWIS H. GAUSE . . . . . *Manager, Philadelphia District*
SAMUEL H. HUBER . . . . . *Dalton, Pa.*
IVAN W. KEFFER . . . . . *Officer and Member of Executive Committee*
ALLAN P. KIRBY . . . . . *President of Alleghany Corporation*
SEYMOUR H. KNOX . *Chairman of Board, Marine Trust Company of Western New York*
JAMES T. LEFTWICH . . . . . *Officer and Member of Executive Committee*
BYRON D. MILLER . . . . . *Former President, Portland, Me.*
CARSON C. PECK . . . . . *Officer and Member of Executive Committee*
FREMONT C. PECK . . . . . *New York, N. Y.*
MARTIN A. SCHENCK . *Attorney, Member of Firm, Davies, Hardy, Schenck & Soons*
MERRITT E. SEWARD . . . . . *General Supervisor of Restaurant Operations*
WILLIAM E. SMITH . . . . . *Supervisor of Real Estate*
WILLIAM L. STEPHENSON *Former Chairman, F. W. Woolworth & Co., Ltd., England*
GEORGE F. TERPENNING . . . . . *Officer and Member of Executive Committee*
L. JAMES THRASHER . . . . . *Officer and Member of Executive Committee*
HARRY E. WARD . . . *Honorary Chairman of Board, Irving Trust Company, N. Y.*
FREDERICK J. WECKESSER . . . . . *Wilkes-Barre, Pa.*
RAYMOND E. WILLIAMS . . . . . *Officer and Member of Executive Committee*
RICHARD W. WOOLWORTH . . . . . *Salem Center, N. Y.*

Died December 18, 1952.

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Transfer Agent: CITY BANK FARMERS TRUST COMPANY, 22 William Street, New York 15, N. Y.
Registrar: THE NATIONAL CITY BANK OF NEW YORK, 55 Wall Street, New York 15, N. Y.

Annual Report to Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1952

F. W. WOOLWORTH CO.

Executive Office: WOOLWORTH BUILDING, NEW YORK 7, N. Y.
Principal Office: WOOLWORTH BUILDING, WATERTOWN, N. Y.

The next annual meeting of the stockholders will be held on Wednesday, May 20, 1953. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each stockholder on or about April 20, 1953, at which time proxies will be requested by the Management.

FEB 2 7

F. W. WOOLWORTH CO.

OFFICE OF THE PRESIDENT
AND CHAIRMAN OF THE BOARD

WOOLWORTH BUILDING
NEW YORK 7, N. Y.

January 24, 1953

To Our Stockholders:

It is a privilege to submit to you, on behalf of the Board of Directors, this Consolidated Annual Report of your Company for the year 1952. The report covers the operations in the United States, Canada and Cuba, and the investments in F. W. Woolworth & Co., Limited, England, in which your Company owns 52.7% of the ordinary shares.

Sales for the year and for December again established new records. The year's sales totaled $712,655,143, a gain of $28,474,846, or 4.16% over the year 1951. Sales for December were $122,502,484, an increase over December, 1951, of $8,265,498, or 7.24%.

Net income, after deducting depreciation, amortization, reserve for fire losses and provisions for Government taxes, was $31,533,307, equivalent to $3.25 per share, as compared with $3.22 per share earned in 1951.

During 1952 your Company had to absorb tremendous increases in transportation costs, the results of which lowered the profit on merchandise sold. Salaries paid to store employees showed a substantial increase, amounting to approximately 66% of the total increase in expenses for store operations.

The dividends paid during the year were the same as have been paid in recent years, namely $2.50 per share. The Board of Directors, at the meeting held January 14, 1953, declared the regular quarterly dividend of 50 cents per share; also an extra dividend of 50 cents per share, both payable on March 5, 1953.

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Your Company continues to remain in a strong financial position. Net current assets, as of the close of the year, amounted to $101,490,976, which compares with $100,514,525 at the close of the prior year.

In continuing our program of expansion, we remodeled 47 stores and opened 31 new stores with a net additional capital expenditure of $18,575,000, compared with $17,800,000 for the year 1951. Included in this program were three self-service stores. You have probably already heard of these, because of the wide publicity they received. A further moderate expansion in self-service stores will continue in 1953.

It is with very deep regret that we report the death of Mr. Charles W. Deyo, Honorary Chairman of the Board of Directors, who passed away on December 18, 1952. Mr. Deyo had served the Company for a period of 48 years, becoming its President in 1936 and Chairman of the Board of Directors in 1944, from which position he retired on December 31, 1950. Mr. Deyo had been a Director since 1930.

We wish to take this opportunity to express our sincere appreciation to our many loyal employees for their part in the successful operation of your Company during the year just ended.

We also wish to thank the many suppliers for the cooperation they have given our buyers in developing new lines of merchandise as well as improving the many established and staple lines.

We acknowledge the confidence expressed by many stockholders in their letters during the year, and we welcome inquiries at any time regarding the affairs of your Company, either in person or through correspondence.

In behalf of the Board of Directors,

Respectfully submitted,

PRESIDENT AND
CHAIRMAN OF THE BOARD

The Woolworth Record

Fiscal Year	No. of Stores	Sales for Year	Net Earnings Per Share	Dividend Per Share	No. of Shares Outstanding
1912	631	$ 60,557,767	$ 8.73	$ 2.00	500,000
1913	684	66,228,072	10.82	5.50	"
1914	737	69,619,669	10.87	6.00	"
1915	805	75,995,774	13.19	6.75	"
1916	920	87,089,270	15.57	7.75	"
1917	1000	98,102,857	16.72	8.00	"
1918	1039	107,179,411	9.96	8.00	"
1919	1081	119,496,107	17.11	8.00	"
1920	1111	140,918,981	13.87(1)	8.00	650,000
1921	1137	147,654,647	20.04	8.00	"
1922	1176	167,319,265	27.11	10.00	"
1923	1260	193,447,010	31.84	8.00	"
1924	1356	215,501,187	7.95(2)	2.50	2,600,000
1925	1423	239,032,946	9.46	3.00	"
1926	1480	253,645,124	10.85	6.00	"
1927	1581	272,754,045	9.06(3)	5.00	3,900,000
1928	1725	287,318,720	9.07	5.00	"
1929	1825	303,047,172	3.66(4)	2.40	9,750,000
1930	1881	289,288,605	3.56	2.40	"
1931	1903	282,669,576	4.24(5)	4.40	"
1932	1932	249,892,861	2.27	2.40	"
1933	1941	250,516,527	2.94	2.40	"
1934	1957	270,684,797	3.30	2.40	"
1935	1980	268,750,483	3.20	2.40	"
1936	1998	290,386,935	3.35	2.40	"
1937	2010	304,774,655	3.40	2.40	"
1938	2015	304,304,741	2.95	2.40	9,703,610
1939	2021	318,839,663	3.02	2.40	9,703,609
1940	2027	335,474,820	2.48	2.40	"
1941	2023	377,148,059	2.69	2.00	9,703,608
1942	2015	423,220,598	2.43	1.60	"
1943	2008	439,009,003	2.26	1.60	"
1944	2004	459,847,395	2.35	1.60	9,703,607.5
1945	1971	477,136,447	2.43	1.60	"
1946	1958	552,369,440	4.12	2.10	"
1947	1945	593,359,194	4.32	2.50	9,703,607
1948	1944	623,941,562	4.48	2.50	"
1949	1938	615,649,544	3.83	2.50	"
1950	1936	632,135,790	3.83	2.50	"
1951	1943	684,180,297	3.22	2.50	"
1952	1960	712,655,143	3.25	2.50	9,703,606.5

(1) Stock dividend of 30% paid in 1920.
(2) Stock split-up 4 shares for 1 share in 1924.
(3) Stock dividend of 50% paid in 1927.
(4) Stock split-up of 2½ shares for 1 share in 1929.
(5) Includes 90 cents per share of non-recurring income in 1931.

CONSOLIDATED ANNUAL REPORT

for the year 1952

We are including in the following report the results of operations for the 73rd year of F. W. Woolworth Co. and its 100% owned subsidiary, F. W. Woolworth Co., Limited, Canada, together with the Cuban branch of the parent company. Also included in the financial statements are the income received and the investment in F. W. Woolworth & Co., Limited, England, of which your Company owns 52.7% of the outstanding ordinary shares.

SALES

The year's sales and the sales for December again exceeded all previous records. Twelve months' sales for stores operated in the United States, Canada and Cuba amounted to $712,655,143, a gain of $28,474,846, or 4.16%, over the sales for the year 1951. December sales were $122,502,484, an increase of $8,265,498, or 7.24%, compared with December, 1951.

OTHER INCOME

This item includes real estate income, gain on foreign exchange, dividends received from F. W. Woolworth & Co., Limited, England, and miscellaneous income. Details of the operations and dividends of the British Company can be found on page 10 of this report.

EXPENSES

The item of $649,817,621 appearing in the Income Account includes cost of merchandise sold, wages, rent, light, heat, repairs, wrapping materials, municipal and state taxes, Social Security taxes, and other miscellaneous expenses. Again wages show a substantial increase. Transportation costs on merchandise have also risen substantially during the year, and your Company is taking every action possible to hold this increase to a minimum.

In addition to the above expense there is $11,925,541 covering depreciation on buildings owned by the Company, fixtures used in the stores and the annual writeoff of capital expenditures made on properties we occupy. The interest expense of $406,721 was paid on short-term bank loans made during the year.

EXTRAORDINARY INCOME AND CHARGES (*Special Items*)

Under the relief provision of Section 722 of the Internal Revenue Code, your Company filed a claim for Excess Profits Taxes for the years 1941 through 1945. This claim was settled during the year and the refund received, together with interest thereon. However, this additional income was partially offset by a loss sustained through a real estate transaction on a location occupied by a store, the operation of which was extremely unprofitable.

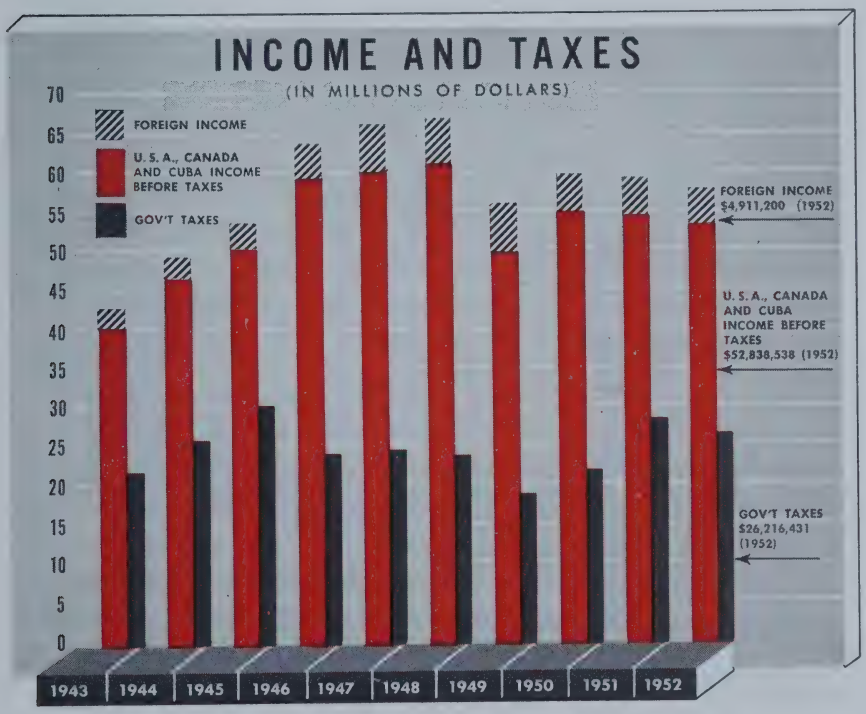
NET INCOME

Net income for the year amounted to $31,533,307, equal to $3.25 per share, after deducting depreciation and amortization of $11,925,541 and $27,300,000 for Government taxes applicable to net income before the special items. Net income for the previous year was $31,255,894, or $3.22 per share.

Additional information appears on page 4 of this report, showing sales and earnings per share since 1912. The graph below shows comparative income from all sources for the past 10 years, before provision for Government taxes.

DIVIDENDS

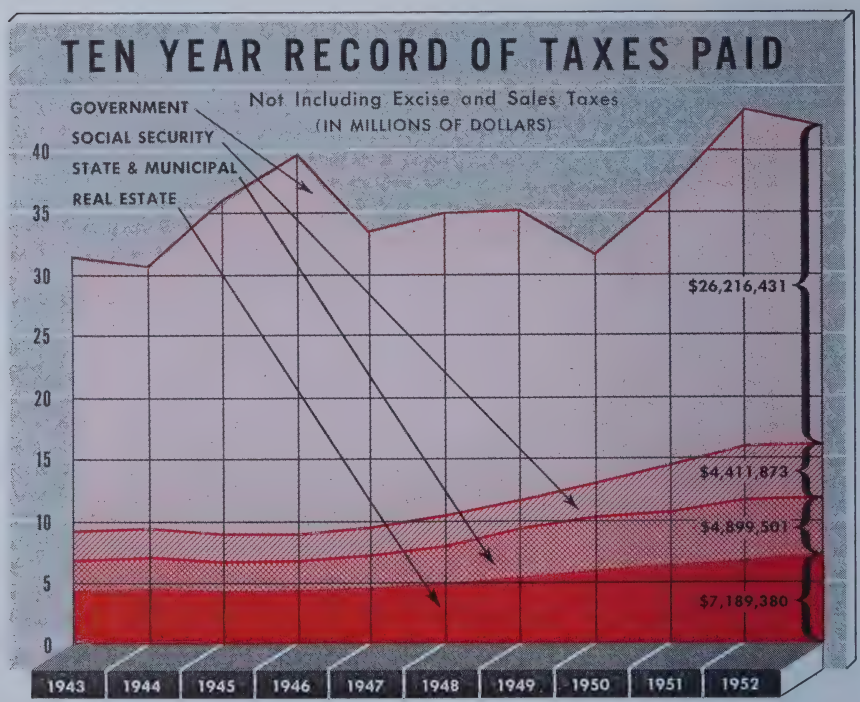
Dividends for the year amounted in the aggregate to $24,259,017, being $2.50 per share on the 9,703,606.5 shares of capital stock outstanding, exclusive of 46,393.5 shares held in the treasury of

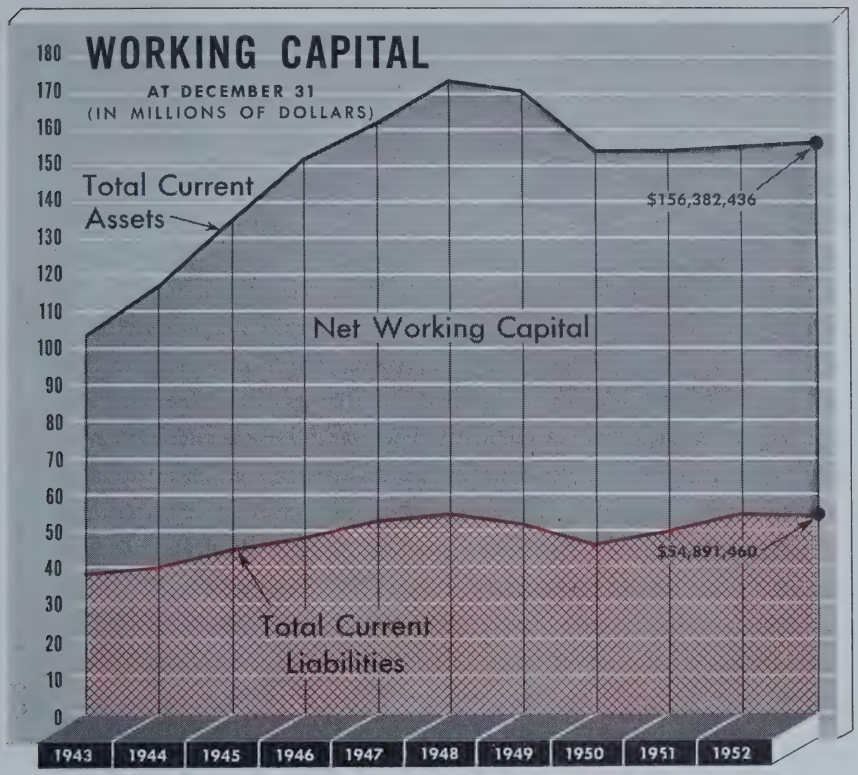


the Company. The dividends consisted of four quarterly payments of 50 cents per share, and an extra dividend of 50 cents per share, paid March 3, 1952. There were 86,691 stockholders at the end of the year, compared with 83,955 on December 31, 1951. A history of dividend disbursements is shown on page 4 of this report.

TAXES

Taxes paid, accrued, and deducted from income for the year amounted to $42,717,185, equaling $4.40 per share, compared with $43,491,943, or $4.48 per share in 1951. Government taxes accrued amounted to $27,300,000, less taxes applicable to non-recurring items in the amount of $1,083,569. The Company is not subject to Excess Profits taxes. Additional taxes paid were local real estate taxes amounting to $7,189,380, state and municipal taxes totaling $4,899,501, and Social Security and unemployment insurance payments of $4,411,873. Your Company during the





year collected sales and excise taxes from its customers in the amount of $16,151,165, paying them to Federal, state and city governments. A 10-year record of taxes paid by the Company is shown on the graph appearing on page 8 of this report.

FINANCIAL CONDITION

The financial condition of your Company continues to be satisfactory, with current assets of $156,382,436 and current liabilities of $54,891,460. Cash on hand is $42,346,979, which shows a reduction from the prior year of $13,049,875. The net cash expenditures made during the year for fixed assets, such as real estate, fixtures, equipment, leaseholds and alterations, amounted to $18,575,330. This is an increase over the previous year of $714,448.

MERCHANDISE INVESTMENT

The merchandise inventory in stores and warehouses amounted to $109,870,449, an increase of $13,820,923 over the previous year. The many new items and lines added to our merchandise assortment, together with our new and enlarged stores, have required a substantial increase in our stock inventory. Our merchandise investment as of the end of the year is in keeping with anticipated increased sales.

AUDITORS' CERTIFICATE

The records for the year 1952 were audited by R. G. Rankin & Co., Certified Public Accountants. The Auditors' certificate, directed to the stockholders, appears on page 14. The Board of Directors has authorized the continuance of the services of this firm to audit the records for the year 1953.

F. W. WOOLWORTH & CO., LIMITED, ENGLAND

The net income of F. W. Woolworth & Co., Limited, England, was £5,770,072 after providing £10,530,384 for Governmental taxes. Earnings of this Company for the preceding year were £6,196,675 after providing £8,387,214 for Governmental taxes. A dividend of one shilling nine pence, plus a bonus of three pence per share, has been declared payable in March, 1953, compared with a dividend of one shilling four and one-half pence paid in March, 1952. The total dividends and bonus paid out of earnings for the year 1952 were two shillings nine pence per share, which is an increase of seven and one-half pence over the previous year. The balance of surplus carried forward after deducting the March, 1953 dividend amounted to £2,557,157, compared with £2,367,121 at the end of the previous year. There were 782 stores in operation on December 31, 1952 compared with 764 stores at the close of the prior year.

A majority stock interest of 52.7% of the British Company is owned by your Company, and cash dividends from this source in the amount of $4,911,200 were received during the year.

 (Continued on page 15)

F. W. WOOLWORTH CO.

AND CANADIAN SUBSIDIARY

Consolidated Statement of Income and Earned Surplus
For the Years Ended December 31, 1952 and 1951

	1952	*1951*
Sales—United States, Canada and Cuba	$712,655,143	$684,180,297
Less: Cost of sales and expenses	649,817,621	621,157,390
Net Profit from Operations	62,837,522	63,022,907
Other Income		
Dividends—F. W. Woolworth & Co., Ltd., England	4,911,200	5,086,723
Income from real estate	1,353,611	1,636,127
Gain on sales of real estate	1,335	19,445
Foreign exchange gain	181,070	609,034
Interest and miscellaneous	38,762	31,935
Total	6,485,978	7,383,264
	69,323,500	70,406,171
Deductions from Income		
Depreciation and amortization	11,925,541	11,295,853
Interest	406,721	304,424
Total	12,332,262	11,600,277
Net Income before U.S.A., Canadian and Cuban Taxes on Income, and Special Items	56,991,238	58,805,894
Provision for U.S.A., Canadian and Cuban Taxes on Income	27,300,000	27,550,000
Net Income before Special Items	29,691,238	31,255,894
Special Items		
Refund of 1941-1945 federal taxes on income under Section 722 of Internal Revenue Code, including interest, less applicable expenses and taxes	3,034,504	—
Loss on realty transaction to extinguish a liability on an unprofitable long-term lease, less applicable taxes	*1,192,435*	—
Net Income, after Special Items	31,533,307	31,255,894
Earned Surplus—Balance, January 1st	220,842,078	213,845,201
	252,375,385	245,101,095
Deduct		
Dividends declared and paid (1952 and 1951—$2.50 per share)	24,259,017	24,259,017
Earned Surplus—Balance, December 31st	$228,116,368	$220,842,078

This statement includes undistributed earnings of the Canadian subsidiary converted into U. S. dollars as follows: 1952—$3,969,771 at par; 1951—$2,128,944 at 98.78.

ASSETS

	1952	*1951*
Current Assets		
Cash	$ 42,346,979	$ 55,396,854
Receivables	2,412,113	1,817,144
Merchandise inventories—at cost	109,870,449	96,049,526
Merchandise in transit—at cost	1,752,895	2,640,822
Total Current Assets	156,382,436	155,904,346
Investments		
F. W. Woolworth & Co., Ltd., England:		
Majority ordinary shares—stated substantially below market value in England at current exchange	30,879,630	30,879,630
Preference shares	488	488
Mortgages and notes receivable	1,799,698	1,707,010
Majority interest in F. W. Woolworth Co., G.m.b.H., Germany	1	1
Total Investments	32,679,817	32,587,129
Fixed Assets—at cost		
Land and buildings	60,598,867	64,126,834
Less: Reserve for depreciation of buildings	9,357,288	8,662,440
	51,241,579	55,464,394
Furniture and fixtures	82,863,140	78,290,356
Less: Reserve for depreciation	26,482,545	24,615,454
	56,380,595	53,674,902
Equipment, less amortization	8,131,905	6,864,991
Buildings on leased ground, less amortization	33,899,071	34,350,623
Alterations to leased and owned buildings and store organization expenses, less amortization	54,992,088	49,363,208
Total Fixed Assets	204,645,238	199,718,118
Other Assets		
Store and office supplies—at cost	3,116,608	2,976,515
Prepaid expenses	1,582,049	859,431
Total Other Assets	4,698,657	3,835,946
Goodwill	1	1
Total	$398,406,149	$392,045,540

This statement includes net current assets of the Canadian subsidiary as follows: 1952—$11,018,464; 1951—$11,284,500; and other net assets of that subsidiary as follows: 1952—$23,024,391; 1951—$21,249,813.

LIABILITIES AND CAPITAL

	1952	*1951*
Current Liabilities		
Accounts payable, including merchandise in transit	$ 3,313,574	$ 3,946,737
Accruals and sundry liabilities, including taxes withheld	25,920,092	23,927,778
Long-term obligations, payable within one year	681,375	608,332
Reserve for U.S.A., Canadian and Cuban taxes on income	24,976,419	26,906,974
Total Current Liabilities	54,891,460	55,389,821
Long-Term Obligations in Connection with Real Estate Acquisitions—payable after one year	16,478,416	17,516,304
Reserves		
For employees' sick benefits	300,000	300,000
For self-insurance to cover fire and flood damage risks on contents of stores in the U.S.A.	2,766,958	2,144,369
Total Reserves	3,066,958	2,444,369
Capital Stock and Surplus		
Capital Stock—par value $10 per share Authorized 20,000,000 shares Issued 9,750,000 shares (of which 46,393.5 shares—1952, and 46,393 shares—1951 are held in treasury)	97,500,000	97,500,000
Earned Surplus	228,116,368	220,842,078
	325,616,368	318,342,078
Less: Cost of treasury stock, less $901,634 previously charged to earned surplus	1,647,053	1,647,032
Total Capital Stock and Surplus	323,969,315	316,695,046
Total	$398,406,149	$392,045,540

Earned Surplus includes undistributed surplus of foreign subsidiaries as follows: 1952—$58,659,798; 1951—$54,551,256.

AUDITORS' CERTIFICATE

R. G. Rankin & Co.

CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders of F. W. WOOLWORTH CO.:

We have examined the consolidated balance sheet of F. W. Woolworth Co. and its Canadian subsidiary as at December 31, 1952 and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We accepted, after review, the financial statements of the Canadian subsidiary as certified to by independent auditors, which are included in the accompanying consolidated statements at parity of exchange.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus present fairly the financial condition of F. W. Woolworth Co. and its Canadian subsidiary at December 31, 1952, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. G. RANKIN & CO.

New York, N. Y.
January 24, 1953

This investment is carried on the books of your Company at $30,879,630, and has a market value, according to the closing quotation on the London Stock Exchange as of December 31, 1952, converted into U. S. dollars at the official rate of $2.80 per pound, of $196,439,250.

F. W. WOOLWORTH CO., G.M.B.H., GERMANY

We can again report good progress toward complete rehabilitation of the German Company. During 1952, three new stores were opened in three cities—Würzburg, Krefeld, and West-Berlin. Three stores have been enlarged, including the store in Hannover where the first basement salesroom, complete with escalators, was successfully opened. One store in a temporary location was closed. Approximately 4000 lineal feet of counter selling space was added during the year.

There are now 46 stores in operation in Western Germany and West-Berlin.

Leases have been signed and plans made for two new stores in 1953 in addition to reconstruction of destroyed buildings on owned property.

The financing of the entire restoration and expansion program was from the funds of the F. W. Woolworth Co. G.m.b.H.

Operating results for 1952 show splendid gains in both sales and profits.

Tribute is due the loyal and efficient organization which is looking after your Company's interests in Germany.

NUMBER OF STORES

At the close of the year there were 1960 stores in operation throughout the United States, Canada and Cuba. Of these, 1787 stores are located in the United States, 165 in Canada and 8 in Cuba. During the year, after considering all the factors, such as unfavorable lease terms, lack of available space, changes in population and shopping areas, it was decided to close 14 stores. However, 31 new stores were opened, giving us a net gain at the close of the year of 17 stores.

MERCHANDISING

Notwithstanding the war in Korea with its resultant restrictions on critical materials and regulated cost and selling prices for much of the merchandise bought and sold, the year 1952 saw the return of merchandising conditions nearer to normal than any during the past ten-year period.

Throughout 1952 merchandise was plentiful, with few exceptions. More than the usual activity in the development of new items by our suppliers marked the year, and at no time during the year did restrictions and regulations prove much of a handicap in maintaining complete stocks. Another indication of the rapid approach to normal is the fact that during 1952 there was widespread activity among all types of retailers to expand their lines. A good share of this reaching out for new business embraced popular lines of smallwares, such as those in which your Company specializes. Our buying organization, in cooperation with suppliers, at all times is alert to this new development and has kept pace with these new competitive conditions. At the present time, we unquestionably have in our stores the finest lines of merchandise in our history.

Present indications are that the return to normal will continue during 1953, and our buyers already have adopted a progressive program for the development of bigger and better values in merchandise. Throughout the year 1952, especially during the opening of new and enlarged stores, new lines and new items were introduced to the public. Customer reaction has been generally favorable to the new lines, and it would appear that some items will prove effective sales producers during 1953. Photographs of new displays are shown on pages 22 and 23.

During 1952, our warehouses, located in New York, Chicago, San Francisco and Toronto, played an increasingly important part in solving merchandise problems and in offsetting in part the influence of excessively high transportation costs, which continue to increase at an alarming rate.

The Company anticipates another year of record sales for the year 1953.

NEW STORES—EXPANSION AND IMPROVEMENT PROGRAM

Governmental regulations restricting the use of certain materials for our expansion and improvement program were progressively eased in the last half of 1952. Within these regulations, it was possible to complete 78 major projects in the following categories: 31 new stores, 32 stores enlarged in the same locations and 15 stores moved and enlarged in new locations. The largest unit moved and enlarged was our downtown San Francisco store, which is now located in the Flood Building. A picture of this store appears on the inside back cover of this report. Pictures of other typical Woolworth's opened in 1952 appear on pages 20 and 21. A map showing the locations of the new and improved stores opened in 1952, with totals by States and Provinces of all stores in operation on December 31, 1952, appears on pages 18 and 19.

In addition to these major projects, substantial improvements were made to 35 other stores. These are classified as refurbishings and are not shown in the pictures or indicated on the map. Minor improvements were made to many other stores. The net cash expenditure for this program, including refurbishing and minor improvements, amounted to approximately $18,575,000.

On December 31st, stores under actual construction or alteration preparatory to our occupancy numbered 45. This is 14 more than on December 31, 1951. Additional units are scheduled for commencement at an early date, and others are in the planning stage. It is anticipated that this continuing program will go forward during 1953 on a somewhat larger scale. In part this is brought about by the development of new shopping centers in which your Company will be represented.

PRINCE RUPERT
B. C.
20
ALB.
4
SASK.
8
KELOWNA
CHILLIWACK
WASH.
18
YAKIMA
WEYBURN
MONT.
13
N. DAK.
9
THE DALLES
PENDLETON
ORE.
14
IDAHO
9
WYO.
6
ABERDEEN
S. DAK.
7
NEBR.
18
NEV.
2
UTAH
5
DENVER
COLO.
21
KANS.
26
SAN FRANCISCO
CALIF.
116
MONTROSE
NORWALK
LAKEWOOD
ARIZ.
8
N. MEX.
6
TEX.
60
W
1952 STORE EXPANSION AND
IMPROVEMENT PROGRAM

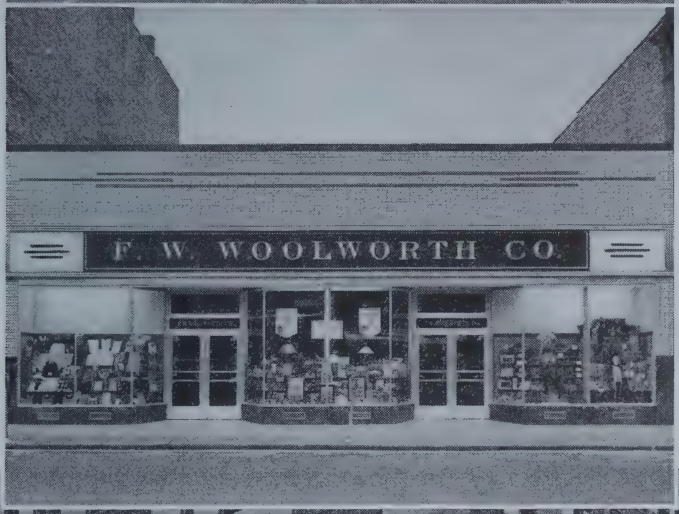
N
QUE.
39
ONT.
70
P. E. I.
2
N. B.
4
N. S.
11
ME.
20
VT.
9
N. H.
13
MASS.
110
R. I.
10
CONN.
25
N. Y.
224
PA.
124
N. J.
76
MD.
18
DEL.
3
D. C.
8
VA.
28
W. VA.
12
OHIO
122
IND.
40
ILL.
159
MICH.
53
WIS.
57
MO.
62
KY.
21
TENN.
22
N. C.
23
S. C.
8
GA.
20
FLA.
21
ALA.
15
MISS.
15
ARK.
7
LA.
16
CUBA
8
VAL D'OR
VALLEYFIELD
SAINT JOHN
SOREL
VICTORIAVILLE
MAGOG
GRANBY
GARDINER
ALPENA
TORONTO
OAKVILLE
CHEEKTOWAGA
BOSTON
MARLBORO
SUFFERN
NYACK
NEW YORK
PATCHOGUE
POTTSVILLE
DOYLESTOWN
CARLISLE
EAST ERIE
FERNDALE
EUCLID
CLEVELAND
SHAKER HEIGHTS
BEREA
RAVENNA
AKRON
CANTON
DAYTON
CLARKSBURG
ARLINGTON
SALISBURY
ROCKY MOUNT
BRISTOL
FLORENCE
DECATUR
ATLANTA
HAMMOND
LIBERTYVILLE
LA GRANGE
BARABOO
CEDAR FALLS
NEW JERSEY
BAYONNE
MORRISTOWN
RIDGEWOOD
WESTFIELD
WESTWOOD
FAIRLAWN
DELAWARE
DOVER
Legend
NEW STORES (31)
STORES MOVED TO NEW LOCATIONS (15)
STORES IMPROVED IN SAME LOCATION (32)
NUMBER INDICATES STORES IN STATE

ATLANTA, GEORGIA

PRINCE RUPERT,
B. C., CANADA

GRAND PRAIRIE, TEXAS

RON,
HIO



OPENED IN 1952, these stores are representative of the new Woolworth's.

The *Atlanta* and *Akron* stores typify the 19 stores opened in suburban shopping centers, each adapted to the architectural scheme of its community. The *Prince Rupert, B. C., Canada,* store is the most northern Woolworth's. Small, thriving *Virginia,* Minnesota, has its new Woolworth's on the site of the old. *Grand Prairie,* Texas, a busy town midway between Dallas and Fort Worth, is the site of a modern, air-conditioned well-located store. The *Denver* store, enlarged and completely modernized to keep pace with its fast-growing community, features two spacious sales floors, escalators, and every facility for the convenience of customers.

VIRGINIA, MINNESOTA

DENVER, COLORADO

Attractiveness, accessibility and convenience

of selection make for effective display and efficient selling.

New and enlarged stores, and new and augmented lines of merchandise,

all present challenge and opportunity for improved display.

New types of display, such as those pictured here, continually

are being developed. Self-service is also being carefully tested.

Three experimental self-service stores are now in operation.

Shown in the lower right is our self-service store in New York City.

EMPLOYEES AND PUBLIC RELATIONS

In recent years Woolworth's progressive store expansion and improvement program has resulted in increases in the number and size of our stores, in expansion of our merchandise lines, and in the broadening of our price structure. As a consequence, there has been an increase in the number of employees as well as in the diversity of their skills. Today, Woolworth's employs upward of 96,000 men and women. All new employees are trained in Woolworth methods by our veteran employees. With each passing year the number of these employees of long service also increases. During 1952 alone 251 more Woolworth employees each received a watch and scroll traditionally awarded upon completion of twenty-five years of service.

Your Management is keenly aware that any progress made and success achieved are the result of efficient and faithful performance by the employees. The provision for more comfortable and attractive working conditions is a part of every project of the store expansion and improvement program.

During the year, 287 more employees entered the Armed Services, bringing the total to 980. We wish them a safe and speedy return.

Woolworth's resources are dedicated to bringing to customers and communities the utmost in variety and value. Valuing in turn the good will of its customers, Woolworth's, by participating in all worthwhile civic activities, strives to become a part of each community in which it operates. On a national scale, Woolworth's continues to support youth programs, particularly 4-H programs and Future Farmers of America. Every year Woolworth's cooperates with farmer-consumer campaigns to move into consumption products of farm origin that are temporarily in surplus supply.

As a public service, Woolworth's sponsored on behalf of each local manager on January 1, 1952 and again on January 1, 1953, the national telecast from Pasadena of the Tournament of Roses Parade, over the full NBC network.

SAN FRANCISCO, CALIFORNIA. One of the largest Woolworth's now dominates the famous Flood Building, in the downtown shopping center at Powell and Market Streets. Completely modern, with two sales floors having every facility for the convenience of the customer, and ideal working conditions for the employee, this store opened October 16, 1952.

PRINTED IN U.S.A.

WOOLWORTH'S
WOOLWORTH'S
F. W. WOOLWORTH CO.

W

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